

**Senate Appropriations
Subcommittee on
Health and Human Services**

Special Provisions

June 18, 2002

PART V. BLOCK GRANTS**Special Provision 2002-DHHS-S23-P** [v14], Modified 6/8/02 5:54 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

DHHS BLOCK GRANTS**SECTION #.(a)** Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:**COMMUNITY SERVICES BLOCK GRANT**

01.	Community Action Agencies	\$ 15,266,973
02.	Limited Purpose Agencies	848,165
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	848,165
TOTAL COMMUNITY SERVICES BLOCK GRANT		\$ 16,963,303

SOCIAL SERVICES BLOCK GRANT

01.	County departments of social services (Transfer from TANF - \$4,500,000)	\$ 27,095,289
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
04.	Division of Services for the Blind	3,105,711
05.	Division of Facility Services	426,836
06.	Division of Aging - Home and Community Care Block Grant	1,840,234
07.	Child Care Subsidies	3,000,000
08.	Division of Vocational Rehabilitation -	

1	United Cerebral Palsy	71,484
2		
3	09. State administration	1,693,368
4		
5	10. Child Medical Evaluation Program	238,321
6		
7	11. Adult day care services	2,155,301
8		
9	12. Comprehensive Treatment Services	
10	Program	422,003
11		
12	13. Department of Administration	
13	for the N.C. State Commission of Indian Affairs	
14	In-Home Services Program for the Elderly	203,198
15		
16	14. Division of Vocational Rehabilitation -	
17	Easter Seals Society	116,779
18		
19	15. UNC-CH CARES Program for training and	
20	consultation services	247,920
21		
22	16. Office of the Secretary - Office of Economic	
23	Opportunity for N.C. Senior Citizens'	
24	Federation for outreach services to	
25	low-income elderly persons	41,302
26		
27	17. Division of Social Services - Child	
28	Caring Agencies	1,500,000
29		
30	18. Division of Mental Health,	
31	Developmental Disabilities, and	
32	Substance Abuse Services - Developmentally	
33	Disabled Waiting List for services	5,000,000
34		
35	19. Transfer to Preventive Health Services Block	
36	Grant for HIV/AIDS education, counseling, and	
37	testing	145,819
38		
39	20. Division of Facility Services -	
40	Mental Health Licensure	213,128
41		
42	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 52,852,407
43		
44	LOW-INCOME ENERGY BLOCK GRANT	

01.	Energy Assistance Programs	\$ 11,395,026
02.	Crisis Intervention	6,598,934
03.	Administration	2,459,510
04.	Weatherization Program	3,457,189
05.	Department of Administration - N.C. State Commission of Indian Affairs	45,189
06.	Heating Air Repair and Replacement Program	1,613,355
TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 25,569,203
MENTAL HEALTH SERVICES BLOCK GRANT		
01.	Provision of community-based services for severe and persistently mentally ill adults	\$ 5,442,798
02.	Provision of community-based services to children	2,513,141
03.	Comprehensive Treatment Services Program for Children	1,500,000
04.	Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 10,239,850
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
01.	Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol and Drug Abuse Treatment Centers	\$ 15,401,711
02.	Continuation of services for pregnant women and women with dependent children	8,069,524

03.	Continuation of services to IV drug abusers and others at risk for HIV diseases	4,616,378
04.	Provision of services to children and adolescents	7,740,611
05.	Juvenile Services - Family Focus	851,156
06.	Allocation to the Division of Public Health for HIV/STD Risk Reduction Projects	383,980
07.	Allocation to the Division of Public Health for HIV/STD Prevention by County Health Departments	209,576
08.	Allocation to the Division of Public Health for the Maternal and Child Health Hotline	37,779
09.	Administration	2,596,307
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		\$ 39,907,022
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
01.	Child care subsidies	\$149,801,334
02.	Quality and availability initiatives	16,496,620
03.	Administrative expenses	6,929,081
04.	Transfer from TANF Block Grant for child care subsidies	72,812,189
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		\$246,039,224
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	\$129,396,275

1	02.	Work First County Block Grants	92,018,855
2			
3	03.	Transfer to the Child Care and	
4		Development Fund Block Grant	
5		for child care subsidies	72,812,189
6			
7	04.	Allocation to the Division of Mental	
8		Health, Developmental Disabilities, and	
9		Substance Abuse Services for Work First	
10		substance abuse screening, diagnostic, and	
11		support treatment services and drug testing	400,000
12			
13	05.	Allocation to the Division of Social	
14		Services for staff development	75,000
15			
16	06.	Reduction of out-of-wedlock births	1,000,000
17			
18	07.	Business Process Reengineering	
19		Project Reserve	325,000
20			
21	08.	Allocation to the Division of Public Health	
22		for teen pregnancy prevention	600,000
23			
24	09.	Child Care Subsidies for TANF Recipients	26,621,241
25			
26	10.	County Child Protective Services,	
27		Foster Care, and Adoption Workers	2,727,550
28			
29	11.	Transfer to Social Services Block Grant for	
30		County Departments of Social Services for	
31		Children's Services	4,500,000
32			
33	12.	Residential Substance Abuse Services	
34		for Women With Children	1,475,142
35			
36	13.	Division of Social Services -	
37		Administration	500,000
38			
39	14.	Child Welfare workers and services for	
40		local departments of social services	7,654,841
41			
42	15.	Child Welfare Training	2,000,000
43			
44	16.	DSS Evaluation	500,000

17. SACWIS Payback 4,643,454

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) BLOCK GRANT \$347,249,547

MATERNAL AND CHILD HEALTH BLOCK GRANT

01. Healthy Mothers/Healthy Children
Block Grants to Local Health
Departments 9,838,074

02. High-Risk Maternity Clinic Services,
Perinatal Education and Training,
Childhood Injury Prevention,
Public Information and Education, and
Technical Assistance to Local Health
Departments 2,012,102

03. Services to Children With Special Health
Care Needs 5,078,647

TOTAL MATERNAL AND CHILD
HEALTH BLOCK GRANT \$ 16,928,823

PREVENTIVE HEALTH SERVICES BLOCK GRANT

01. Statewide Health Promotion Programs \$3,282,810

02. Rape Crisis/Victims' Services
Program - Council for Women 197,112

03. Transfer from Social Services
Block Grant -
HIV/AIDS education, counseling, and
testing 145,819

04. Office of Minority Health 159,459

05. Administrative Costs 108,546

TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT \$3,893,746

1 **SECTION #.(b)** Decreases in Federal Fund Availability. – If the United
2 States Congress reduces federal fund availability in the Social Services Block Grant
3 below the amounts appropriated in this section, then the Department of Health and
4 Human Services shall allocate these decreases giving priority first to those direct
5 services mandated by State or federal law, then to those programs providing direct
6 services that have demonstrated effectiveness in meeting the federally and
7 State-mandated services goals established for the Social Services Block Grant. The
8 Department shall not include transfers from TANF for specified purposes in any
9 calculations of reductions to the Social Services Block Grant.

10 If the United States Congress reduces the amount of TANF funds below the
11 amounts appropriated in this section after the effective date of this act, then the
12 Department shall allocate the decrease in funds after considering any underutilization of
13 the budget and the effectiveness of the current level of services. Any TANF Block
14 Grant fund changes shall be reported to the Senate Appropriations Committee on Health
15 and Human Services, the House of Representatives Appropriations Subcommittee on
16 Health and Human Services, and the Fiscal Research Division.

17 Decreases in federal fund availability shall be allocated for the Maternal and
18 Child Health and Preventive Health Services federal block grants by the Department of
19 Health and Human Services after considering the effectiveness of the current level of
20 services.

21 **SECTION #.(c)** Increases in Federal Fund Availability. – Any block grant
22 funds appropriated by the United States Congress in addition to the funds specified in
23 this act shall be expended by the Department of Health and Human Services, with the
24 approval of the Office of State Budget and Management, provided the resultant
25 increases are in accordance with federal block grant requirements and are within the
26 scope of the block grant plan approved by the General Assembly.

27 **SECTION #.(d)** Changes to the budgeted allocations to the block grants
28 appropriated in this act and new allocations from the block grants not specified in this
29 act shall be submitted to the Joint Legislative Commission on Governmental Operations
30 for review prior to the change and shall be reported immediately to the Senate
31 Appropriations Committee on Health and Human Services, the House of
32 Representatives Appropriations Subcommittee on Health and Human Services, and the
33 Fiscal Research Division.

34 **SECTION #.(e)** The Department of Health and Human Services may allow
35 no-cost contract extensions for up to six months for nongovernmental grant recipients
36 under the TANF Block Grant.

37 **SECTION #.(f)** Limitations on Preventive Health Services Block Grant
38 Funds. – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape
39 Education shall be allocated as grants to nonprofit organizations to provide rape
40 prevention and education programs targeted for middle, junior high, and high school
41 students.

42 If federal funds are received under the Maternal and Child Health Block
43 Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
44 U.S.C. § 710), for the 2002-2003 fiscal year, then those funds shall be transferred to the

1 State Board of Education to be administered by the Department of Public Instruction.
2 The Department of Public Instruction shall use the funds to establish an Abstinence
3 Until Marriage Education Program and shall delegate to one or more persons the
4 responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department
5 of Public Instruction shall carefully and strictly follow federal guidelines in
6 implementing and administering the abstinence education grant funds.

7 The Department of Health and Human Services shall contract for the
8 follow-up testing involved with the Newborn Screening Program. The Department may
9 contract for these services with an entity within or outside of the State; however, the
10 Department may only contract with an out-of-state entity if it can be demonstrated that
11 there is a cost-savings associated with contracting with the out-of-state entity. The
12 contract amount shall not exceed twenty-five thousand dollars (\$25,000). The amount of
13 the contract shall be covered by funds in the Maternal and Child Grant Block Grant.

14 **SECTION #.(g)** The Department of Health and Human Services shall not
15 use any funds appropriated in this section to develop or implement a Medical Child
16 Care Pilot.

17 **SECTION #.(h)** Payment for subsidized child care services provided with
18 federal TANF funds shall comply with all regulations and policies issued by the
19 Division of Child Development for the subsidized child care program.

20 **SECTION #.(i)** The sum of five hundred thousand dollars (\$500,000)
21 appropriated in this section in the TANF Block Grant to the Department of Health and
22 Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be
23 used to support administration of TANF-funded programs.

24 **SECTION #.(j)** The sum of one million four hundred seventy-five thousand
25 one hundred forty-two dollars (\$1,475,142) appropriated in this section in the TANF
26 Block Grant to the Department of Health and Human Services, Division of Mental
27 Health, Developmental Disabilities, and Substance Abuse Services, for the 2002-2003
28 fiscal year shall be used to provide regional residential substance abuse treatment and
29 services for women with children. The Department of Health and Human Services, the
30 Division of Social Services, and the Division of Mental Health, Developmental
31 Disabilities, and Substance Abuse Services, in consultation with local departments of
32 social services, area mental health programs, and other State and local agencies or
33 organizations, shall coordinate this effort in order to facilitate the expansion of
34 regionally based substance abuse services for women with children. These services
35 shall be culturally appropriate and designed for the unique needs of TANF women with
36 children.

37 In order to expedite the expansion of these services, the Secretary of the
38 Department of Health and Human Services may enter into contracts with service
39 providers.

40 The Department of Health and Human Services, the Division of Social
41 Services, and the Division of Mental Health, Developmental Disabilities, and Substance
42 Abuse Services, shall report on their progress in complying with this subsection no later
43 than October 1, 2002, and March 1, 2003, to the Senate Appropriations Committee on
44 Health and Human Services, the House of Representatives Appropriations

1 Subcommittee on Health and Human Services, and the Fiscal Research Division. These
2 reports shall include all of the following:

- 3 (1) The number and location of additional beds created.
- 4 (2) The types of facilities established.
- 5 (3) The delineation of roles and responsibilities at the State and local
6 levels.
- 7 (4) Demographics of the women served, the number of women served,
8 and the cost per client.
- 9 (5) Demographics of the children served, the number of children served,
10 and the services provided.
- 11 (6) Job placement services provided to women.
- 12 (7) A plan for follow-up and evaluation of services provided with an
13 emphasis on outcomes.
- 14 (8) Barriers identified to the successful implementation of the expansion.
- 15 (9) Identification of other resources needed to appropriately and
16 efficiently provide services to Work First recipients.
- 17 (10) Other information as requested.

18 **SECTION #.(k)** The sum of seven million six hundred fifty-four thousand
19 eight hundred forty-one dollars (\$7,654,841) appropriated in this section in the TANF
20 Block Grant to the Department of Health and Human Services, Division of Social
21 Services, for the 2002-2003 fiscal year for Child Welfare Improvements shall be
22 allocated to the county departments of social services for hiring or contracting staff to
23 investigate and provide services in Child Protective Services cases; to provide foster
24 care and support services; to recruit, train, license, and support prospective foster and
25 adoptive families; and to provide interstate and post-adoption services for eligible
26 families.

27 **SECTION #.(l)** The sum of one million five hundred thousand dollars
28 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
29 Department of Health and Human Services, Division of Mental Health, Developmental
30 Disabilities, and Substance Abuse Services, for the 2002-2003 fiscal year and the sum
31 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
32 section in the Social Services Block Grant to the Department of Health and Human
33 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
34 Services, for the 2002-2003 fiscal year shall be used to continue a Comprehensive
35 Treatment Services Program for Children in accordance with Section 21.60 of S.L.
36 2001-424, as amended.

37 **SECTION #.(m)** The sum of two million dollars (\$2,000,000) appropriated
38 in this section in the TANF Block Grant to the Department of Health and Human
39 Services, Division of Social Services, for fiscal year 2002-2003 shall be used to support
40 various child welfare training projects as follows:

- 41 (1) Provide a regional training center in southeastern North Carolina.
- 42 (2) Support the Masters Degree in Social Work/Baccalaureate Degree in
43 Social Work Collaborative.
- 44 (3) Provide training for residential child care facilities.

1 (4) Provide for various other child welfare training initiatives.

2 **SECTION #.(n)** The sum of three hundred twenty-five thousand dollars
3 (\$325,000) appropriated in this section in the TANF Block Grant to the Department of
4 Health and Human Services for a Business Process Reengineering Project Reserve may
5 only be used for the project if funds appropriated in this act for Business Process
6 Reengineering are not sufficient to continue the project through the 2002-2003 fiscal
7 year. Prior to the use of these funds, the Office of State Budget and Management shall
8 review all proposals for expenditure of these funds in order to ensure compliance with
9 this subsection.

10 **SECTION #.(o)** If funds appropriated through the Child Care and
11 Development Fund Block Grant for any program cannot be obligated or spent in that
12 program within the obligation or liquidation periods allowed by the federal grants, the
13 Department may move funds to child care subsidies, unless otherwise prohibited by
14 federal requirements of the grant, in order to use the federal funds fully.
15

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART 1. ADMINISTRATION

Special Provision 2002-DHHS-S63-P [v4], Modified 5/28/02 9:33 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

INFORMATION TECHNOLOGY PROJECT CONTRACTS

SECTION #. Section 21.17 of S.L. 2001-424 reads as rewritten:

"SECTION 21.17.(a) Notwithstanding any other provision of law to the contrary, the Department of Health and Human Services may establish special time-limited positions ~~in the Division of Information Research Management for an information technology project to maximize efficiencies in the preparation for and for~~ implementation of federal requirements ~~of the medical records privacy standards under~~ the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions established are not permanent positions, not subject to the State Personnel Act under G.S. 126-1.1, and not subject to the State salary schedule.

SECTION 21.17.(b) Positions established pursuant to this section may commence no earlier than July 1, 2001, and shall expire ~~June 30, 2003.~~ June 30, 2005."

Special Provision 2002-DHHS-S14A-P [v9], Modified 6/4/02 2:11 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

**CONSOLIDATION OF DIVISIONS OF SERVICES FOR THE DEAF AND THE
HARD OF HEARING, SERVICES FOR THE BLIND, AND VOCATIONAL
REHABILITATION**

SECTION #.(a) There is created within the Department of Health and Human Services a new division. The following three divisions, including all positions and corresponding State appropriations, federal funds, and other funds, shall be consolidated within this new division:

- (1) Division of ~~Services for the Deaf and the Hard of Hearing.~~
- (2) Division of Services for the Blind.
- (3) Division of Vocational Rehabilitation Services.

The new division shall retain all the duties, responsibilities, and powers of these three divisions. The name of the new division shall be determined by the Department of Health and Human Services.

SECTION #.(b) The Department shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on activities carried out under this section not later than October 1, 2002. This report shall include the following:

- (1) The name of the new division.
- (2) An organizational chart showing the organizational structure of the new division.

(3) A plan for reducing the budget of the consolidated division by seven hundred fifty thousand dollars (\$750,000).

(4) A list of all statutory references that need to be changed as a result of the consolidation.

SECTION #.(c) In developing a plan to reduce State appropriations to the new division, the Department shall do the following:

(1) Consolidate the administration of the three existing divisions.

(2) Consolidate all district offices in cities where there is currently more than one office.

(3) Streamline the provision of direct client services provided by the three existing divisions.

(4) Maintain services unique to persons who are blind, deaf, or blind and deaf.

(5) Develop a plan for using existing resources to expand services for deaf and hard-of-hearing persons to areas of the State where services are currently not provided.

(6) Maintain or increase current funding levels for all programs and services currently provided by the Division of Services for the Deaf and Hard of Hearing.

SECTION #.(d) Any additional savings beyond the seven hundred fifty thousand dollars (\$750,000) achieved through the consolidation of the three divisions shall be reallocated to direct services with first priority being given to serving the unmet needs of deaf and hard-of-hearing persons.

Special Provision 2002-DHHS-S35-P [v11], Modified 5/28/02 11:12 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

STAFFING REQUIREMENTS IN LONG-TERM CARE FACILITIES

SECTION #.(a) The Department of Health and Human Services, Office of Long-Term Care, shall review staffing requirements of Adult Day Care Programs and Adult Day Health Programs.

SECTION #.(b) The Department shall report the results of its review to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than December 1, 2002. The report shall include staffing requirements for adult day care and adult day health programs as compared to adult care homes, assisted living facilities, and nursing homes in the State. The report shall also compare staffing ratios in North Carolina to those of other states, including those states that border North Carolina. The report shall be conducted by the Department, Office of Long-Term Care, or by an independent contractor and shall contain all of the following specific information:

(1) Number of staff required per resident.

(2) Education/work experience required and preferred as a basis for hire.

(3) Specific job duties outlined in job descriptions.

- (4) Rationale and justification for establishing the existing staff ratios in the Division of Aging's policy for adult day care and adult day health care.
- (5) An analysis of the variance in staffing requirements among adult day care and adult day health programs, adult care homes, assisted living facilities, and nursing homes.
- (6) Identification of the entities responsible for licensing and monitoring quality for all providers of long-term care in the State.
- (7) Recommendations for changes to existing policies based on findings of the Department's review.

Special Provision 2002-DHHS-S37-P [v5], Modified 5/23/02 11:20 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

REPORT ON SERVICES PROVIDED TO OLDER ADULTS

SECTION #. The Department of Health and Human Services, Office of Long-Term Care shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on services provided to older adults. The report shall provide information as follows:

- (1) Identify all State agencies that provide services to adults age 60 and older throughout the State.
- (2) All resources available from all sources, including federal, State, and local funds and personnel, for providing services to this population.
- (3) Plans for reducing administration through the consolidation of functions throughout Divisions of the Department.

The Office of Long-Term Care shall consult with experts in long-term care and other relevant information sources to develop a plan to streamline services for older adults at the local level. The Department shall submit its report not later than February 1, 2003.

Special Provision 2002-DHHS-S50-P [v5], Modified 5/23/02 11:23 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

RURAL HEALTH LOAN REPAYMENT INCENTIVE PROGRAM

SECTION #. The Department of Health and Human Services, Office of Rural Health, shall conduct an assessment of the Rural Health Loan Repayment Incentive Program. The assessment shall consider whether the Program should be continued and shall identify ways to recruit additional providers to rural areas within existing funds. The Department shall report on its activities and progress of the assessment to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than December 1, 2002. The report shall provide detailed information on the number of providers recruited, identification of the counties in which the providers are recruited, and the amount of loan repayment and length of service to a community for each provider.

1
2 **Special Provision 2002-DHHS-S55-P** [v5], Modified 5/23/02 10:42 AM

3 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

4 **ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG**
5 **PROGRAMS**

6 **SECTION #.** Section 21.6(a) of S.L. 2001-424, as amended by S.L. 2001-
7 513, reads as rewritten:

8 "SECTION 21.6.(a) Of the funds appropriated in this act to the Department of
9 Health and Human Services, the sum of two hundred thousand dollars (\$200,000) for
10 the 2001-2002 fiscal year and the sum of two hundred thousand dollars (\$200,000) for
11 the 2002-2003 fiscal year shall be used to initiate the development of a system to assist
12 eligible individuals in obtaining prescription drugs at no cost through pharmaceutical
13 company programs. The system will be designed to minimize the efforts of patients and
14 their health care providers in securing needed drugs. The required patient and health
15 care provider data will be maintained and orders tracked in order to initiate timely
16 reorders of needed drugs to assure continuity of medication intake. The Department
17 may contract with a private nonprofit organization to assist in the development of the
18 system as provided under this section."
19

20 **Special Provision 2002-DHHS-S75-P** [v4], Modified 6/8/02 5:59 PM

21 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

22 **USE OF FUNDS FOR THE CHILD ADVOCACY INSTITUTE**

23 **SECTION #.** State funds appropriated for the Child Advocacy Institute shall
24 be used only for administration of the Child Advocacy Institute or for research and other
25 services provided by the Institute. These funds shall not be used or replaced by other
26 funds for (i) lobbying or other governmental affairs activities or (ii) direct contributions
27 to other nongovernmental entities.

28 This section shall not be construed to prohibit the Institute from using State
29 funds to contract with other nongovernmental entities for the purchase of goods or
30 services.
31

32 **Special Provision 2002-DHHS-S72-P** [v6], Modified 6/7/02 5:26 PM

33 Requested by: Senators Martin of Guilford, Purcell, Hoyle, Plyler, Odom, Lee

34 **CONSOLIDATION OF MAINTENANCE ACTIVITIES**

35 **SECTION #.(a)** The Department of Health and Human Services shall
36 develop a plan to consolidate building maintenance activities at the North Carolina
37 School for the Deaf at Morganton, the Western Carolina Center, and Broughton
38 Hospital. The plan shall assess the needs for maintenance at all three centers, determine
39 the level of staff necessary to carry out all of the current activities with fewer managers,
40 supervisors, and other staff, and develop a new single budget for the maintenance
41 activities.

42 **SECTION #.(b)** The Department of Health and Human Services shall
43 identify other facilities throughout the State that are in close proximity to one another

1 and assess the feasibility of consolidating the building maintenance activities at those
2 facilities.

3 **SECTION #.(c)** The Department of Health and Human Services shall report
4 on activities carried out under this section to the Senate Appropriations Committee on
5 Health and Human Services, the House of Representatives Appropriations
6 Subcommittee on Health and Human Services, and the Fiscal Research Division no later
7 than December 1, 2002.

8
9 **Special Provision 2002-DHHS-S79-P [v4], Modified 6/14/02 11:08 AM**

10 Requested by: Senators Martin of Guilford, Purcell, Hoyle, Plyler, Odom, Lee

11 **AREA AUTHORITY/COUNTY PROGRAM PROMPT PAY**

12 **SECTION #.** Part 4 of Article 4 of Chapter 122C of the General Statutes is
13 amended by adding the following new section to read:

14 "§ 122C-141.1. Area authority and county program prompt payment of invoices
15 from service providers.

16 (a) As used in this section, 'provider' means any qualified public or private
17 provider, agency, institution, or resource that contracts with an area authority or county
18 program for the provision of services pursuant to G.S. 122C-141(a).

19 (b) An area authority or county program shall, within 30 calendar days after
20 receipt of an invoice from a provider for services rendered, send to the provider:

21 (1) Payment of the invoice,

22 (2) Notice of denial of payment of the invoice, or

23 (3) Notice that additional information is necessary for payment of the
24 invoice.

25 An area authority or county program is presumed to have received a written invoice
26 five business days after the invoice has been placed first-class postage prepaid in the
27 United States mail addressed to the area authority or county program or an electronic
28 invoice transmitted to the area authority, the county program, or a designated
29 clearinghouse on the day the invoice is electronically transmitted.

30 (c) If payment of the invoice is denied, the notice of denial shall include all of the
31 specific good-faith reasons for the denial. If payment of the invoice is denied only in
32 part, the area authority or county program shall pay the undisputed portion of the
33 invoice within 30 calendar days after receipt of the invoice and send the notice of denial
34 within 30 calendar days after receipt of the invoice. If notice is given that additional
35 information is necessary for payment of the invoice, the notice shall contain the specific
36 good-faith reasons why the invoice has not been paid and a complete itemization or
37 description of all of the information needed by the area authority or county program to
38 complete the processing of the invoice. Upon receipt of the additional information, the
39 area authority or county program shall continue processing the invoice and shall pay or
40 deny the invoice within 30 calendar days after receiving the additional information.

41 (d) An area authority and county program may not limit the time in which
42 providers may submit invoices to fewer than 180 days after the services were rendered.

43 (e) Payments on invoices that are not made within the time period required by
44 this section shall bear interest at the annual percentage rate of eighteen percent (18%)

beginning on the date following the day on which the invoice should have been paid. A payment is considered made on the date upon which a check, draft, or other valid negotiable instrument is placed in the United States Postal Service in a properly addressed, postpaid envelope, or, if not mailed, on the date of the electronic transfer or other delivery of the payment to the provider."

Requested by: Senators Plyler, Odom, Lee

UNIFORM PROVIDER CREDENTIALING BY HEALTH INSURANCE PLANS

SECTION #. G.S. 58-3-230(a) reads as rewritten:

"(a) An insurer that provides a health benefit plan and that credentials providers for its networks shall maintain a process to assess and verify the qualifications of a licensed health care practitioner, or applicant for licensure as a health care practitioner, within 60 days of receipt of a completed provider credentialing application form approved by the Commissioner. If an application submitted under this section is approved, and the health care practitioner is subsequently contracted to participate in the health benefit plan's network, the date on which the credentialing application was approved by the health benefit plan shall be the effective date of the network participation contract."

SUBPART 2. DIVISION OF MEDICAL ASSISTANCE

Special Provision 2002-DHHS-S1-P [v16], Modified 5/28/02 10:21 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

MEDICAID PROGRAM

SECTION #.(a) Section 21.19 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.19.(a)** Funds appropriated in this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy. Funds appropriated for these services shall be expended in accordance with the following schedule of services and payment bases. All services and payments are subject to the language at the end of this subsection.

Services and payment bases:

(1) Hospital-Inpatient – Payment for hospital inpatient services will be prescribed in the State Plan as established by the Department of Health and Human Services.

(2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Health and Human Services.

(3) Nursing Facilities – Payment for nursing facility services will be prescribed in the State Plan as established by the Department of Health and Human Services. Nursing facilities providing services to Medicaid recipients who also qualify for Medicare must be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare program. Residents of nursing facilities who are eligible

for Medicare coverage of nursing facility services must be placed in a Medicare certified bed. Medicaid shall cover facility services only after payments have been made by Medicare.

- (4) Intermediate Care Facilities for the Mentally Retarded – As prescribed in the State Plan as established by the Department of Health and Human Services.
- (5) Drugs – Drug costs as allowed by federal regulations plus a professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection (h) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal reimbursement regulations. Payment of the professional services fee shall be made in accordance with the State Plan adopted by the Department of Health and Human Services, consistent with federal reimbursement regulations. The professional services fee shall be five dollars and sixty cents (\$5.60) per prescription for generic drugs and four dollars (\$4.00) per prescription for brand name drugs. Adjustments to the professional services fee shall be established by the General Assembly.
- (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified Nurse Midwife Services, Nurse Practitioners – Fee schedules as developed by the Department of Health and Human Services. Payments for dental services are subject to the provisions of subsection (g) of this section.
- (7) Community Alternative Program, EPSDT Screens – Payment to be made in accordance with rate schedule developed by the Department of Health and Human Services.
- (8) Home Health and Related Services, Private Duty Nursing, Clinic Services, Prepaid Health Plans, Durable Medical Equipment – Payment to be made according to reimbursement plans developed by the Department of Health and Human Services.
- (9) Medicare Buy-In – Social Security Administration premium.
- (10) Ambulance Services – Uniform fee schedules as developed by the Department of Health and Human Services. Public ambulance providers will be reimbursed at cost.
- (11) Hearing Aids – Actual cost plus a dispensing fee.
- (12) Rural Health Clinic Services – Provider-based, reasonable cost; nonprovider-based, single-cost reimbursement rate per clinic visit.
- (13) Family Planning – Negotiated rate for local health departments. For other providers, see specific services, for instance, hospitals, physicians.

- (14) Independent Laboratory and X-Ray Services – Uniform fee schedules as developed by the Department of Health and Human Services.
- (15) Optical Supplies – One hundred percent (100%) of reasonable wholesale cost of materials.
- (16) Ambulatory Surgical Centers – Payment as prescribed in the reimbursement plan established by the Department of Health and Human Services.
- (17) Medicare Crossover Claims – An amount up to the actual coinsurance or deductible or both, in accordance with the State Plan, as approved by the Department of Health and Human Services.
- (18) Physical Therapy and Speech Therapy – Services limited to EPSDT eligible children. Payments are to be made only to qualified providers at rates negotiated by the Department of Health and Human Services. Physical therapy (including occupational therapy) and speech therapy services are subject to prior approval and utilization review.
- (19) Personal Care Services – Payment in accordance with the State Plan approved by the Department of Health and Human Services.
- (20) Case Management Services – Reimbursement in accordance with the availability of funds to be transferred within the Department of Health and Human Services.
- (21) Hospice – Services may be provided in accordance with the State Plan developed by the Department of Health and Human Services.
- (22) Other Mental Health Services – Unless otherwise covered by this section, coverage is limited to:
 - a. Services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Centers for Medicare and Medicaid Services (CMS) when provided in agencies meeting the requirements of the rules established by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, and reimbursement is made in accordance with a State Plan developed by the Department of Health and Human Services not to exceed the upper limits established in federal regulations, and
 - b. For children eligible for EPSDT services:
 1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, and nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, when Medicaid-eligible children are referred by the Carolina ACCESS primary care physician or the area mental health program, and

2. Institutional providers of residential services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Centers for Medicare and Medicaid Services (CMS) for children and Psychiatric Residential Treatment Facility services that meet federal and State requirements as defined by the Department.

Notwithstanding G.S. 150B-121.1(a), the Department of Health and Human Services may adopt temporary rules in accordance with Chapter 150B of the General Statutes further defining the qualifications of providers and referral procedures in order to implement this subdivision. Coverage policy for services defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services under paragraphs a. and b.2 of this subdivision shall be established by the Division of Medical Assistance.

- (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible Children – Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services.
- (24) Health Insurance Premiums – Payments to be made in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal regulations.
- (25) Medical Care/Other Remedial Care – Services not covered elsewhere in this section include related services in schools; health professional services provided outside the clinic setting to meet maternal and infant health goals; and services to meet federal EPSDT mandates. Services addressed by this paragraph are limited to those prescribed in the State Plan as established by the Department of Health and Human Services.
- (26) Pregnancy Related Services – Covered services for pregnant women shall include nutritional counseling, psychosocial counseling, and predelivery and postpartum home visits by maternity care coordinators and public health nurses.

Services and payment bases may be changed with the approval of the Director of the Budget. Payment is limited to Medicaid enrolled providers that provide evidence of medical malpractice insurance coverage or that purchase a performance bond in the amount of fifty thousand dollars (\$50,000) naming as beneficiary the Department of Health and Human Services, Division of Medical Assistance.

Reimbursement is available for up to 24 visits per recipient per year to any one or combination of the following: physicians, clinics, hospital outpatient, optometrists, chiropractors, and podiatrists. Prenatal services, all EPSDT children, emergency rooms, and mental health services subject to independent utilization review are exempt from the visit limitations contained in this paragraph. Exceptions may be authorized by the Department of Health and Human Services where the life of the patient would be threatened without such additional care. Any person who is determined by the

Department to be exempt from the 24-visit limitation may also be exempt from the six-prescription limitation.

SECTION 21.19.(b) Allocation of Nonfederal Cost of Medicaid. – The State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section.

SECTION 21.19.(c) Copayment for Medicaid Services. – The Department of Health and Human Services may establish copayment up to the maximum permitted by federal law and regulation.

SECTION 21.19.(d) Medicaid and Work First Family Assistance, Income Eligibility Standards. – The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

<u>Categorically Needy</u>		<u>Medically Needy</u>	
<u>WFFA*</u>			
<u>Family</u>	<u>Standard</u>	<u>Families and</u>	
<u>Size</u>	<u>of Need</u>	<u>Children Income</u>	
		<u>Level</u>	<u>AA, AB, AD*</u>
1	\$4,344	\$2,172	\$2,900
2	5,664	2,832	3,800
3	6,528	3,264	4,400
4	7,128	3,564	4,800
5	7,776	3,888	5,200
6	8,376	4,188	5,600
7	8,952	4,476	6,000
8	9,256	4,680	6,300

*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need.

These standards may be changed with the approval of the Director of the Budget with the advice of the Advisory Budget Commission.

SECTION 21.19.(e) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines, as revised each April 1.

SECTION 21.19.(f) ICF and ICF/MR Work Incentive Allowances. – The Department of Health and Human Services may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from

savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

SECTION 21.19.(g) Dental Coverage Limits. – Dental services shall be provided on a restricted basis in accordance with rules adopted by the Department to implement this subsection.

SECTION 21.19.(h) Dispensing of Generic Drugs. – Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical Assistance Program (Title XIX of the Social Security Act), and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic index, a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". An initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that a pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this subsection, "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging; and "established name" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

SECTION 21.19.(i) Exceptions to Service Limitations, Eligibility Requirements, and Payments. – Service limitations, eligibility requirements, and payments bases in this section may be waived by the Department of Health and Human Services, with the approval of the Director of the Budget, to allow the Department to carry out pilot programs for prepaid health plans, contracting for services, managed care plans, or community-based services programs in accordance with plans approved by the United States Department of Health and Human Services, or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient. The Department of Health and Human Services may proceed with planning and development work on the Program of All-Inclusive Care for the Elderly.

SECTION 21.19.(j) Volume Purchase Plans and Single Source Procurement. – The Department of Health and Human Services, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services,

1 medical equipment, supplies, and appliances by implementation of volume purchase
2 plans, single source procurement, or other contracting processes in order to improve
3 cost containment.

4 **SECTION 21.19.(k) Cost-Containment Programs.** – The Department of Health and
5 Human Services, Division of Medical Assistance, may undertake cost containment
6 programs in accordance with Section 3 of S.L. 2001-395, including contracting for
7 services, preadmissions to hospitals and prior approval for certain outpatient surgeries
8 before they may be performed in an inpatient setting.

9 **SECTION 21.19.(l)** For all Medicaid eligibility classifications for which the federal
10 poverty level is used as an income limit for eligibility determination, the income limits
11 will be updated each April 1 immediately following publication of federal poverty
12 guidelines.

13 **SECTION 21.19.(m)** The Department of Health and Human Services shall provide
14 Medicaid to 19-, 20-, and 21-year-olds in accordance with federal rules and regulations.

15 **SECTION 21.19.(n)** The Department of Health and Human Services shall provide
16 coverage to pregnant women and to children according to the following schedule:

- 17 (1) Pregnant women with incomes equal to or less than one hundred
18 eighty-five percent (85%) of the federal poverty guidelines as revised
19 each April 1 shall be covered for Medicaid benefits. In determining
20 income eligibility under this subdivision, the income of a minor's
21 parents shall be counted.
- 22 (2) Infants under the age of 1 with family incomes equal to or less than
23 one hundred eighty-five percent (85%) of the federal poverty
24 guidelines as revised each April 1 shall be covered for Medicaid
25 benefits.
- 26 (3) Children aged 1 through 5 with family incomes equal to or less than
27 one hundred thirty-three percent (133%) of the federal poverty
28 guidelines as revised each April 1 shall be covered for Medicaid
29 benefits.
- 30 (4) Children aged 6 through 18 with family incomes equal to or less than
31 the federal poverty guidelines as revised each April 1 shall be covered
32 for Medicaid benefits.
- 33 (5) The Department of Health and Human Services shall provide Medicaid
34 coverage for adoptive children with special or rehabilitative needs
35 regardless of the adoptive family's income.

36 Services to pregnant women eligible under this subsection continue throughout the
37 pregnancy but include only those related to pregnancy and to those other conditions
38 determined by the Department as conditions that may complicate pregnancy. In order to
39 reduce county administrative costs and to expedite the provision of medical services to
40 pregnant women, to infants, and to children described in subdivisions (3) and (4) of this
41 subsection, no resources test shall be applied.

42 **SECTION 21.19.(o)** Medicaid enrollment of categorically needy families with
43 children shall be continuous for one year without regard to changes in income or assets.

1 **SECTION 21.19.(p)** The Department shall disregard earned income for recipients
2 who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the
3 Social Security Act due to earnings. This disregard shall be applied for a maximum of
4 12 consecutive months.

5 **SECTION 21.19.(q)** The Department of Health and Human Services shall submit a
6 quarterly status report on expenditures for acute care and long-term care services to the
7 Fiscal Research Division and to the Office of State Budget and Management. This
8 report shall include an analysis of budgeted versus actual expenditures for eligibles by
9 category and for long-term care beds. In addition, the Department shall revise the
10 program's projected spending for the current fiscal year and the estimated spending for
11 the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the
12 revised forecast shall be forwarded to the Fiscal Research Division and to the Office of
13 State Budget and Management no later than the third Thursday of the month following
14 the end of each quarter.

15 **SECTION 21.19.(r)** The Division of Medical Assistance, Department of Health
16 and Human Services, may provide incentives to counties that successfully recover
17 fraudulently spent Medicaid funds by sharing State savings with counties responsible
18 for the recovery of the fraudulently spent funds.

19 **SECTION 21.19.(s)** If first approved by the Office of State Budget and
20 Management, the Division of Medical Assistance, Department of Health and Human
21 Services, may use funds that are identified to support the cost of development and
22 acquisition of equipment and software through contractual means to improve and
23 enhance information systems that provide management information and claims
24 processing. The Department of Health and Human Services shall identify adequate
25 funds to support the implementation and first year's operational costs that exceed the
26 currently allocated funds for the new contract for the fiscal agent for the Medicaid
27 Management Information System.

28 **SECTION 21.19.(t)** The Department of Health and Human Services may adopt
29 temporary rules according to the procedures established in G.S. 150B-21.1 when it finds
30 that these rules are necessary to maximize receipt of federal funds within existing State
31 appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to
32 the filing of these temporary rules with the Office of Administrative Hearings, the
33 Department shall consult with the Office of State Budget and Management on the
34 possible fiscal impact of the temporary rule and its effect on State appropriations and
35 local governments.

36 **SECTION 21.19.(u)** The Department shall report to the Fiscal Research Division
37 of the Legislative Services Office and to the House of Representatives Appropriations
38 Subcommittee on Health and Human Services and the Senate Appropriations
39 Committee on Health and Human Services or the Joint Legislative Health Care
40 Oversight Committee on any change it anticipates making in the Medicaid program that
41 impacts the type or level of service, reimbursement methods, or waivers, any of which
42 require a change in the State Plan or other approval by the Centers for Medicare and
43 Medicaid Services (CMS). The reports shall be provided at the same time they are
44 submitted to CMS for approval.

1 **SECTION 21.19.(v)** Upon approval of a demonstration waiver by the Centers for
2 Medicare and Medicaid Services (CMS), the Department of Health and Human Services
3 may provide Medicaid coverage for family planning services to men and women of
4 child-bearing age with family incomes equal to or less than one hundred eighty-five
5 percent (185%) of the federal poverty level. Coverage shall be contingent upon federal
6 approval of the waiver and shall begin no earlier than January 1, 2001.

7 **SECTION 21.19.(w)** The Department of Health and Human Services, Division of
8 Medical Assistance, shall use the latest audited cost reporting data available when
9 establishing Medicaid provider rates or when making changes to the reimbursement
10 methodology.

11 **SECTION 21.19.(x)** The Department of Health and Human Services, Division of
12 Medical Assistance, shall implement a new coding system for therapeutic mental health
13 services as required by the Health Insurance Portability and Accountability Act of 1996.
14 In implementing the new coding system, the Division shall ensure that the new coding
15 system does not discriminate between providers of therapeutic mental health services
16 with similar qualifications and training. In meeting the requirements of this subsection,
17 the Division shall consult with the Division of Mental Health, Developmental
18 Disabilities, and Substance Abuse Services and the professional licensing boards
19 responsible for licensing the affected professionals.

20 **SECTION 21.19.(y)** The Department of Health and Human Services may apply
21 federal transfer of assets policies, as described in Title XIX, Section 1917(c) of the
22 Social Security Act to real property excluded as ~~"income-producing"~~ "income
23 producing", ~~tenancy-in-common, or as nonhomesite property made "income producing"~~
24 under Title XIX, Section 1902(r)(2) of the Social Security Act. The transfer of assets
25 policy shall apply only to an institutionalized individual or the individual's spouse as
26 defined in Title XIX, Section 1917(c) of the Social Security Act. This subsection
27 becomes effective no earlier than October 1, 2001. Federal transfer of asset policies to
28 properties excluded as tenancy-in-common or as nonhomesite property made "income
29 producing" in accordance with this subsection shall become effective no earlier than
30 October 1, 2002."

31 **SECTION #.(b)** Effective October 1, 2002, G.S. 108A-70.5(b) reads as
32 rewritten:

33 "(b) As used in this section:

34 (1) "Medical assistance" means medical care services paid for by the
35 North Carolina Medicaid Program on behalf of the recipient:

36 a. If the recipient is receiving these medical care services as an
37 inpatient in a nursing facility, intermediate care facility for the
38 mentally retarded, or other medical institution, and cannot
39 reasonably be expected to be discharged to return home; or

40 b. If the recipient is 55 years of age or older and is receiving these
41 medical care services, including related hospital care and
42 prescription drugs, for nursing facility ~~services—services,~~
43 personal care services, or home- and community-based services.

- (2) "Estate" means all the real and personal property considered assets of the estate available for the discharge of debt pursuant to G.S. 28A-15-1."

Special Provision 2002-DHHS-S2-P [v10], Modified 5/23/02 2:20 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

CAROLINA ACCESS PROGRAM IMPROVEMENTS

SECTION #.(a) In its effort to achieve anticipated savings in the Medicaid Program of nine million four hundred twenty-five thousand dollars (\$9,425,000) for the 2002-2003 fiscal year through expansion of the Carolina ACCESS II and Carolina ACCESS III programs, the Department of Health and Human Services shall monitor cost-savings activities of these programs. Carolina ACCESS II and Carolina ACCESS III programs shall provide the Department detailed information on savings realized from the following cost-savings activities:

- (1) Reductions in hospital admissions;
- (2) Reductions in emergency room visits;
- (3) Use of best-prescribing practices;
- (4) Increased prescriptions of generic drugs;
- (5) Implementation of polypharmacy review;
- (6) Reductions in therapy visits;
- (7) Improved management of high risk/high cost patients; and
- (8) Other strategies implemented by the programs to achieve anticipated savings.

SECTION #.(b) The Department of Health and Human Services shall implement a process for the assessment and review of cost-effectiveness of the Carolina ACCESS II and Carolina ACCESS III programs. The Division of Medical Assistance shall confirm actual savings realized from the use of case management strategies of the Carolina ACCESS II and Carolina ACCESS III demonstration sites. The Department shall report quarterly the cost-effectiveness of these programs based on actual savings achieved. The Department shall submit the report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division.

Special Provision 2002-DHHS-S40-P [v7], Modified 5/28/02 2:26 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

REPEAL CIRCUMCISION FUNDS

SECTION #. Section 19 of S.L. 2001-513 reads as rewritten:

"SECTION 19. Notwithstanding any other provision of law to the contrary, from funds available in the General Fund, there is appropriated to the Department of Health and Human Services, Division of Medical Assistance, the sum of two hundred forty-six thousand, seven hundred sixty-two dollars (\$246,762) for the 2001-2002 fiscal year and ~~the sum of four hundred thousand dollars (\$400,000) for the 2002-2003 fiscal year.~~

1 These funds shall be used to provide optional circumcision procedures for newborns
2 eligible for Medicaid."

3
4 **Special Provision 2002-DHHS-S41-P** [v13], Modified 5/28/02 9:26 AM

5 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

6 **MEDICAID CASE MANAGEMENT SERVICES**

7 **SECTION #.(a)** The Department of Health and Human Services shall
8 reduce Medicaid Program expenditures for case management services for adults and
9 children by thirty-three percent (33%) for the 2002-2003 State fiscal year. In
10 determining how to allocate this reduction, the Department shall include all State
11 programs currently providing case management services reimbursed by the Medicaid
12 Program, and shall consider the following issues:

- 13 (1) Elimination of all duplicative case management services.
- 14 (2) Consolidation of similar case management services.
- 15 (3) Provision of only one case manager per family reimbursed through the
16 Medicaid Program, when feasible.
- 17 (4) Equitable allocation of reductions in case management services
18 reimbursed by Medicaid among the different programs that provide
19 case management services.
- 20 (5) Identification of the children and adults with the greatest case
21 management needs to determine how to allocate reductions and
22 remaining resources.
- 23 (6) Reductions in administrative costs associated with providing case
24 management services reimbursed by Medicaid.

25 **SECTION #.(b)** Not later than October 1, 2002, the Department shall report
26 on its plan for the reductions required in this section. The Department shall submit the
27 report to the Senate Appropriations Committee on Health and Human Services, the
28 House of Representatives Appropriations Subcommittee on Health and Human
29 Services, and the Fiscal Research Division.

30
31 **Special Provision 2002-DHHS-S43-P** [v6], Modified 5/24/02 4:40 PM

32 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

33 **FEDERAL WAIVERS TO ASSIST IN MEDICAID COST CONTAINMENT**

34 **SECTION #.(a)** The Department of Health and Human Services shall
35 develop a plan for using federal waivers to assist in long-term cost containment for the
36 State's Medicaid program. In developing the plan, the Department shall determine
37 whether single or multiple federal waivers will help the State achieve its goal of
38 long-term cost containment for the State's Medicaid program, and shall also determine
39 which type of waiver is likely to be most helpful. The Department shall consider all of
40 the following for development of the plan:

- 41 (1) Which optional categories of persons eligible for Medicaid will be
42 covered by the waiver.
- 43 (2) What optional Medicaid services will be included in the service
44 package covered by the waiver.

- (3) What types of cost-sharing will be required under the waiver.
- (4) Will the waiver use Carolina ACCESS, other types of managed care, or will a fee-for-service system for providing health care services be used.
- (5) Will private insurance coverage options be incorporated into the waiver.
- (6) Should the NC Health Choice Program be included in the waiver.

SECTION #.(b) On or before February 1, 2003, the Department shall report on its plan for seeking federal waivers to achieve long-term cost containment in the State's Medicaid program. The report shall be made to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division, and shall include the following:

- (1) Copy of the application for the waiver.
- (2) Description of how the waiver will help achieve long-term cost containment in the State's Medicaid program.
- (3) Description of legislation necessary to implement the proposed waiver.

Special Provision 2002-DHHS-S46-P [v6], Modified 5/24/02 4:39 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

COMMUNITY ALTERNATIVES PROGRAMS

SECTION #.(a) The Department of Health and Human Services shall administer all Community Alternative Program (CAP) waivers in the most economical and efficient manner possible to support within funds appropriated the maximum number of persons meeting participation requirements under the waiver. The Department shall amend the waivers, as necessary, to ensure that participation requirements and payment and service limits are in accordance with those reported to the General Assembly. Not later than October 1, 2002, the Department shall submit a report that outlines efficient use of funds appropriated and that demonstrates the participation requirements, payment and service limits, and other administrative actions to support the maximum number of persons to be served in the applicable State fiscal year. The report shall be submitted to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION #.(b) CAP-DA services shall be provided for the 2002-2003 fiscal year to any eligible person who entered a nursing facility on or before June 1, 2002, notwithstanding that the availability of CAP-DA services may be suspended for that fiscal year.

Special Provision 2002-DHHS-S56-P [v3], Modified 5/23/02 9:23 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE

1 **SECTION #.(a)** Disproportionate share receipts reserved at the end of the
2 2002-2003 fiscal year shall be deposited with the Department of State Treasurer as
3 nontax revenue for the 2002-2003 fiscal year.

4 **SECTION #.(b)** For the 2002-2003 fiscal year, as it receives funds
5 associated with Disproportionate Share Payments from State hospitals, the Department
6 of Health and Human Services, Division of Medical Assistance, shall deposit up to one
7 hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments
8 to the Department of State Treasurer for deposit as nontax revenue. Any
9 Disproportionate Share Payments collected in excess of the one hundred seven million
10 dollars (\$107,000,000) shall be reserved by the State Treasurer for future
11 appropriations.

12
13 **Special Provision 2002-DHHS-S61-P** [v7], Modified 6/8/02 3:07 PM

14 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

15 **MEDICAID HOSPITAL PAYMENTS**

16 **SECTION #.** The Department of Health and Human Services shall reduce
17 Medicaid payments to hospitals by one-half of one percent (.5%) for the 2002-2003
18 State fiscal year. The Department shall evaluate all medical payment programs and
19 policies administered by the Department that may affect the future viability and
20 sustainability of financially vulnerable hospitals. Based on the evaluation of the
21 medical payments programs and policies affecting hospitals, the Department shall
22 implement the one half of one percent (.5%) reduction for the 2002-2003 State fiscal
23 year such that the reduction has the least impact on the future viability and sustainability
24 of financially vulnerable hospitals. The Department shall also review the status of
25 financially vulnerable hospitals to determine whether additional State actions are
26 appropriate to ensure that communities served by these hospitals continue to receive
27 essential medical services. The Department shall consult with the North Carolina
28 Hospital Association while conducting the evaluation of medical payment programs and
29 policies and determining how to implement the one-half of one percent (.5%) reduction.
30 The Department shall report to the Senate Appropriations Committee on Health and
31 Human Services, the House of Representatives Appropriations Subcommittee on Health
32 and Human Services, and the Fiscal Research Division on its activities under this
33 section not later than October 1, 2002.

34
35 **Special Provision 2002-DHHS-S64-P** [v3], Modified 5/27/02 8:05 PM

36 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

37 **MEDICAID PROGRAM MANAGEMENT**

38 **SECTION #.** Section 21.26(b) of S.L. 2001-424 reads as rewritten:

39 **"SECTION 21.26.(b)** The Department shall implement a pharmacy management
40 plan considering the recommendations of the "North Carolina Medicaid Benefit Study"
41 to achieve anticipated cost savings. The pharmacy management plan may include the
42 following activities:

- 43 (1) Establishing a prior authorization program to manage utilization of
44 high-cost, brand name drugs. In determining drugs to be included in

the prior authorization program, the Department shall consider whether inclusion of these drugs is likely to:

- a. Increase utilization of more expensive services;
- b. Reduce quality of treatment;
- c. Result in a lower level of compliance with appropriate drug therapy; and
- d. Have a differential impact upon racial and ethnic minorities and the elderly.

The Department shall conduct a review at least annually of the drugs included in the prior authorization program to determine whether any of the factors listed in this subdivision or other factors with similar results have occurred.

- (2) Limiting prescription drugs to a 34-day supply for some or all drugs.
- (3) Developing physician prescribing practice profiles and other educational tools to enable physicians to better manage their prescriptions.
- (4) Establishing therapeutic limits based on appropriate dosage or usage standards.
- (5) Encouraging use of generic drugs.
- (6) Using maximum allowable pricing.
- (7) Contracting with a pharmacy benefits manager to implement more extensive drug utilization review.
- (8) Studying the impact of eliminating the six prescription drug monthly limit combined with a more rigorous prior authorization program to ensure cost decisions are made based on evidence-based clinical guidelines.
- (9) Expanding disease management initiatives.
- (10) Working with ACCESS physicians to develop and implement drug utilization management initiatives.
- (11) If cost-effective, expanding Medicaid drug coverage to include selected over-the-counter medications.

The Department may adopt temporary rules in accordance with G.S. 150B-21.1 when it finds these rules are necessary to clarify recipient appeal rights related to the pharmacy management plan."

Special Provision 2002-DHHS-S45-P [v11], Modified 6/8/02 6:17 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

NC HEALTH CHOICE

SECTION #. G.S. 108A-70.21 reads as rewritten:

"§ 108A-70.21. Program eligibility; benefits; enrollment fee and other cost-sharing; coverage from private plans; purchase of extended coverage.

1 (a) Eligibility. – The Department may enroll eligible children based on
2 availability of funds. Following are eligibility and other requirements for participation
3 in the Program:

4 (1) Children must:

- 5 a. Be under the age of 19;
6 b. Be ineligible for Medicaid, Medicare, or other federal
7 government-sponsored health insurance;
8 c. Be uninsured;
9 d. Be in a family that meets the following family income
10 requirements:
11 1. Infants under the age of one year whose family income is
12 from one hundred eighty-five percent (185%) through
13 two hundred percent (200%) of the federal poverty level;
14 2. Children age one year through five years whose family
15 income is above one hundred thirty-three percent (133%)
16 through two hundred percent (200%) of the federal
17 poverty level; and
18 3. Children age six years through eighteen years whose
19 family income is above one hundred percent (100%)
20 through two hundred percent (200%) of the federal
21 poverty level;
22 e. Be a resident of this State and eligible under federal law; and
23 f. Have paid the Program enrollment fee required under this Part.

24 (2) Proof of family income and residency and declaration of uninsured
25 status shall be provided by the applicant at the time of application for
26 Program coverage. The family member who is legally responsible for
27 the children enrolled in the Program has a duty to report any change in
28 the enrollee's status within 60 days of the change of status.

29 (3) If a responsible parent is under a court order to provide or maintain
30 health insurance for a child and has failed to comply with the court
31 order, then the child is deemed uninsured for purposes of determining
32 eligibility for Program benefits if at the time of application the
33 custodial parent shows proof of agreement to notify and cooperate
34 with the child support enforcement agency in enforcing the order.

35 If health insurance other than under the Program is provided to the
36 child after enrollment and prior to the expiration of the eligibility
37 period for which the child is enrolled in the Program, then the child is
38 deemed to be insured and ineligible for continued coverage under the
39 Program. The custodial parent has a duty to notify the Department
40 within 10 days of receipt of the other health insurance, and the
41 Department, upon receipt of notice, shall disenroll the child from the
42 Program. As used in this paragraph, the term "responsible parent"
43 means a person who is under a court order to pay child support.

(4) Except as otherwise provided in this section, enrollment shall be continuous for one year. At the end of each year, applicants may reapply for Program benefits.

(b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles, copayments, and other cost-sharing charges, health benefits coverage provided to children eligible under the Program shall be equivalent to coverage provided for dependents under the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan, including optional prepaid plans. Prescription drug providers shall accept as payment in full, for outpatient prescriptions filled, ninety percent (90%) of the average wholesale price for the prescription drug or the amounts published by the ~~Health Care Financing Administration Centers for Medicare and Medicaid Services~~ plus a fee established by the provider not to exceed the amount authorized under subdivision (d)(3) of this section. dispensing fee of five dollars and sixty cents (\$5.60) per prescription for generic drugs and four dollars (\$4.00) per prescription for brand name drugs. All other health care providers providing services to Program enrollees shall accept as payment in full for services rendered the maximum allowable charges under the ~~North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan Medicaid Program~~ for services less any copayments assessed to enrollees under this Part. No child enrolled in the Plan's self-insured indemnity program shall be required by the Plan to change health care providers as a result of being enrolled in the Program.

In addition to the benefits provided under the Plan, the following services and supplies are covered under the Health Insurance Program for Children established under this Part:

(1) Dental: Oral examinations, teeth cleaning, and scaling twice during a 12-month period, full mouth X rays once every 60 months, supplemental bitewing X rays showing the back of the teeth once during a 12-month period, fluoride applications twice during a 12-month period, sealants, simple extractions, therapeutic pulpotomies, prefabricated stainless steel crowns, and routine fillings of amalgam or other tooth-colored filling material to restore diseased teeth. No benefits are to be provided for services under this subsection that are not performed by or upon the direction of a dentist, doctor, or other professional provider approved by the Plan nor for services and materials that do not meet the standards accepted by the American Dental Association.

(2) Vision: Scheduled routine eye examinations once every 12 months, eyeglass lenses or contact lenses once every 12 months, routine replacement of eyeglass frames once every 24 months, and optical supplies and solutions when needed. Optical services, supplies, and solutions must be obtained from licensed or certified ophthalmologists, optometrists, or optical dispensing laboratories. Eyeglass lenses are limited to single vision, bifocal, trifocal, or other complex lenses necessary for a Plan enrollee's visual welfare. Coverage for oversized lenses and frames, designer frames, photosensitive lenses, tinted

1 contact lenses, blended lenses, progressive multifocal lenses, coated
2 lenses, and laminated lenses is limited to the coverage for single
3 vision, bifocal, trifocal, or other complex lenses provided by this
4 subsection. Eyeglass frames are limited to those made of zylonite,
5 metal, or a combination of zylonite and metal. All visual aids covered
6 by this subsection require prior approval of the Plan. Upon prior
7 approval by the Plan, refractions may be covered more often than once
8 every 12 months.

- 9 (3) Hearing: Auditory diagnostic testing services and hearing aids and
10 accessories when provided by a licensed or certified audiologist,
11 otolaryngologist, or other hearing aid specialist approved by the Plan.
12 Prior approval of the Plan is required for hearing aids, accessories,
13 earmolds, repairs, loaners, and rental aids.

14 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program
15 coverage for enrollees whose family income is at or below one hundred fifty percent
16 (150%) of the federal poverty level. The enrollment fee for Program coverage for
17 enrollees whose family income is above one hundred fifty percent (150%) of the federal
18 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual
19 enrollment fee of one hundred dollars (\$100.00) for two or more children. The
20 enrollment fee shall be collected by the county department of social services and
21 retained to cover the cost of determining eligibility for services under the Program.
22 County departments of social services shall establish procedures for the collection of
23 enrollment fees.

24 (d) Cost-Sharing. – ~~There shall be no deductibles, copayments, or other cost-~~
25 ~~sharing charges for families covered under the Program whose family income is at or~~
26 ~~below one hundred fifty percent (150%) of the federal poverty level.~~

- 27 (1) Families covered under the Program whose family income is at or
28 below one hundred fifty percent (150%) of the federal poverty level
29 shall be responsible for copayments to providers as follows:

- 30 a. Two dollars (\$2.00) per child for each visit to a provider, except
31 that there shall be no copayment required for well-baby, well-
32 child, or age-appropriate immunization services;
33 b. One dollar (\$1.00) for each outpatient generic prescription drug
34 purchased;
35 c. Three dollars (\$3.00) for each outpatient brand-name
36 prescription drug purchased;
37 d. Ten dollars (\$10.00) for each emergency room visit unless:
38 1. The child is admitted to the hospital, or
39 2. No other reasonable care was available as determined by
40 the Claims Processing Contractor of the North Carolina
41 Teachers' and State Employees' Comprehensive Major
42 Medical Plan.

(2) Families covered under the Program whose family income is above one hundred fifty percent (150%) of the federal poverty level shall be responsible for copayments to providers as follows:

~~(1)a. Five dollars (\$5.00) Seven dollars (\$7.00)~~ per child for each visit to a provider, except that there shall be no copayment required for well-baby, well-child, or age-appropriate immunization services;

~~(2)b. Five dollars (\$5.00) Seven dollars (\$7.00)~~ per child for each outpatient hospital visit;

~~(3)c. A six dollar (\$6.00) five-dollar (\$5.00) fee~~ for each outpatient generic prescription drug purchased;

d. A ten-dollar (\$10.00) fee for each outpatient brand-name prescription drug purchased;

~~(4)e. Twenty dollars (\$20.00) Thirty dollars (\$30.00)~~ for each emergency room visit unless:

~~a.1.~~ The child is admitted to the hospital, or

~~b.2.~~ No other reasonable care was available as determined by the Claims Processing Contractor of the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan.

Copayments required under this subsection for prescription drugs apply only to prescription drugs prescribed on an outpatient basis.

(e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing, including fees, with respect to all children in a family receiving Program benefits under this Part shall not exceed five percent (5%) of the family's income for the year involved. To assist the Department in monitoring and ensuring that the limitations of this subsection are not exceeded, the Executive Administrator and Board of Trustees of the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan shall provide data to the Department showing cost-sharing paid by Program enrollees.

(f) Coverage From Private Plans. – The Department shall, from funds available for the Program, pay the cost for dependent coverage provided under a private insurance plan for persons eligible for coverage under the Program if all of the following conditions are met:

(1) The person eligible for Program coverage requests to obtain dependent coverage from a private insurer in lieu of coverage under the Program and shows proof that coverage under the private plan selected meets the requirements of this subsection;

(2) The dependent coverage under the private plan is actuarially equivalent to the coverage provided under the Program and the private plan does not engage in the exclusive enrollment of children with favorable health care risks;

(3) The cost of dependent coverage under the private plan is the same as or less than the cost of coverage under the Program; and

- 1 (4) The total annual aggregate cost-sharing, including fees, paid by the
2 enrollee under the private plan for all dependents covered by the plan,
3 do not exceed five percent (5%) of the enrollee's family income for the
4 year involved.

5 The Department may reimburse an enrollee for private coverage under this
6 subsection upon a showing of proof that the dependent coverage is in effect for the
7 period for which the enrollee is eligible for the Program.

8 (g) Purchase of Extended Coverage. – An enrollee in the Program who loses
9 eligibility due to an increase in family income above two hundred percent (200%) of the
10 federal poverty level and up to and including two hundred twenty-five percent (225%)
11 of the federal poverty level may purchase at full premium cost continued coverage
12 under the Program for a period not to exceed one year beginning on the date the enrollee
13 becomes ineligible under the income requirements for the Program. The same benefits,
14 copayments, and other conditions of enrollment under the Program shall apply to
15 extended coverage purchased under this subsection.

16 (h) No State Funds for Voluntary Participation. – No State or federal funds shall
17 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under
18 subsection (g) of this section."
19

20 **Special Provision 2002-DHHS-S73-P [v4], Modified 6/10/02 3:55 PM**

21 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

22 **NC HEALTH CHOICE STATE PLAN TECHNICAL AMENDMENTS**

23 **SECTION #.** The Department of Health and Human Services may rewrite
24 and submit to the federal government the State Plan for the North Carolina Health
25 Choice Program solely for the purpose of incorporating amendments enacted by the
26 1997 General Assembly, Regular Session 1998, the 1999 General Assembly, and the
27 2001 General Assembly, and to otherwise comply with applicable federal requirements.
28 Nothing in this section authorizes the Department to make amendments to the State Plan
29 for the North Carolina Health Choice Program not otherwise authorized by the General
30 Assembly. Amendments to the State Plan required by the federal government to be
31 implemented after the effective date of this section, other than those authorized by this
32 section, shall comply with G.S. 108A-70.25. .
33

34 **Special Provision 2002-DHHS-S77-P [v5], Modified 6/8/02 5:10 PM**

35 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

36 **MEDICAID CONTRACTING FOR SERVICES**

37 **SECTION #.** When developing contracts for services, the Department of
38 Health and Human Services, Division of Medical Assistance, shall ensure that Medicaid
39 recipients have appropriate access to durable medical equipment, home health supplies,
40 and home infusion therapy. The Division may subcontract for services provided that the
41 subcontract ensures appropriate access to durable medical equipment, home health
42 supplies, and home infusion therapy.
43

**SUBPART 3. DIVISION OF MENTAL HEALTH, DEVELOPMENTAL
DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

Special Provision 2002-DHHS-S47-P [v13], Modified 6/8/02 5:35 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

**ALLOCATION OF REDUCTIONS IN FUNDS FOR AREA MENTAL HEALTH,
DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE
PROGRAMS**

SECTION #.(a) The Department of Health and Human Services shall allocate reductions in funding to area mental health, developmental disabilities, and substance abuse services in the amount of twenty-nine million two hundred forty-six thousand nine hundred seven dollars (\$29,246,907) for the 2002-2003 fiscal year. In allocating the reductions, the Department shall do the following:

- (1) Allocate reductions within the implementation scope of the State Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services and in accordance with the intent of S.L. 2001-437, as follows:
 - a. Priority given to reducing or terminating services to persons with lower service needs;
 - b. Persons with highest need levels shall be impacted least by reductions in services;
 - c. Administrative costs shall be reduced concurrently with reductions in services; and
 - d. To the maximum extent possible no reductions, or minimal reductions, shall be allocated to activities associated with critical functions and federal and State requirements.
- (2) Require area authorities and county programs to submit plans for prior approval by the Department describing how the local program will meet its reduction target within the requirements of subdivision (1) of this subsection.

SECTION #.(b) The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall allocate reductions to Division central administration to items of expenditures which have the least impact on:

- (1) The support of direct services to individuals served in State facilities and local programs;
- (2) The Division's ability to reorganize and continue implementation of the State Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services; and
- (3) The Division's ability to meet State and federal requirements such as monitoring, program oversight, and reporting.

SECTION #.(c) All reductions designated for Division-operated State facilities shall be allocated as follows:

- (1) In a manner that has the least impact possible on the State's ability to comply with Olmstead v. L.C. & E.W. and The Civil Rights of Institutionalized Persons Act (CRIPA);
- (2) Maximum resources shall be retained for the purpose of transfer to local programs for community capacity building as the population in State facilities decreases and the principal focus of services transitions to community-based programs;
- (3) As deemed essential by the Secretary of the Department of Health and Human Services for compliance with implementation of the State Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services, and with Olmstead v. L.C. & E.W. and CRIPA, reduction amounts and total number of positions reduced may be shifted among facilities so long as the aggregate reduction in State appropriations is achieved.

SECTION #.(d) The Department shall report not later than October 1, 2002, on a plan for allocating the reductions required under this section. The plan shall describe each reduction allocation demonstrating compliance with this section. The Department shall submit the report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Special Provision 2002-DHHS-S58-P [v5], Modified 5/24/02 3:02 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

SUBSTANCE ABUSE PREVENTION SERVICES

SECTION #.(a) In order to ensure that individuals receive effective substance abuse prevention services, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these individuals:

- (1) Designate an Office of Substance Abuse Prevention within the Department as outlined in the North Carolina Comprehensive Strategic Plan for Substance Abuse Prevention. This Office shall be responsible for the implementation of the goals in the Comprehensive Strategic Plan for Substance Abuse Prevention. The Office shall also maintain the Interagency Agreement for Substance Abuse Prevention Services and ensure continuing collaboration between agencies that are parties to the Agreement.
- (2) Provide only those prevention services that are evidence-based and have been determined to be effective in preventing alcohol and other drug problems.
- (3) Propose rules for the licensure of prevention programs to ensure quality of service delivery in local communities. Rules shall be subject to review and adoption by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services.

(4) Ensure that services are provided by qualified prevention professionals.

(5) Implement an outcome-based system utilizing standard risk assessments and data elements consistent with appropriate evaluation of prevention programs.

SECTION #.(b) The Department shall report on its activities under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than December 1, 2002.

Special Provision 2002-DHHS-S65-P [v8], Modified 5/28/02 2:47 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT

SECTION #. Section 21.56 of S.L. 2001-424, as amended by S.L. 2001-513, reads as rewritten:

"SECTION 21.56.(a) To ensure uniformity in rates charged to area programs and funded with State-allocated resources, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department of Health and Human Services may require a private agency that provides services under contract with ~~two or more area programs, an area program or county program~~, except for hospital services that have an established Medicaid rate, to complete an agency-wide uniform cost finding. The resulting cost shall be the maximum included for the private agency in the contracting area program's unit cost finding.

SECTION 21.56.(b) If a private agency fails to timely and accurately complete the required agency-wide uniform cost finding in a manner acceptable to the Department's controller's office, the Department may suspend all Department funding and payment to the private agency until such time as an acceptable cost finding has been completed by the private agency and approved by the Department's controller's office."

Special Provision 2002-DHHS-S66-P [v6], Modified 5/28/02 2:09 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

WHITAKER SCHOOL

SECTION #. Section 21.61(a) of S.L. 2001-424 reads as rewritten:

"SECTION 21.61.(a) The Department of Health and Human Services shall work with families and guardians, the Department of Public Instruction, the Department of Juvenile Justice and Delinquency Prevention, and appropriate local education agencies, area mental health, developmental disabilities, and substance abuse programs, and local departments of social services to develop a plan for the transition of children from the Whitaker School to their homes or alternative facilities. The Plan shall ensure appropriate and safe placement for those children who, in accordance with the assessment, need an institutional setting. The Plan shall also include transition plans that facilitate and support children living in their natural environments and utilizing existing resources and natural supports. Assessments and service planning alternatives shall also be undertaken for children on the waiting list for placement at Whitaker School to

1 ensure appropriate and safe placement for those children. The Department shall report
2 on the status of its compliance with this section on April 1, 2002 and again on ~~October~~
3 1, 2002. January 1, 2003. The report shall be submitted to the Senate Appropriations
4 Committee on Health and Human Services, the House of Representatives
5 Appropriations Subcommittee on Health and Human Services, the Joint Legislative
6 Commission on Governmental Operations, and the Fiscal Research Division."
7

8 **Special Provision 2002-DHHS-S67-P [v7], Modified 5/31/02 7:20 AM**

9 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

10 **AREA MENTAL HEALTH ADMINISTRATIVE COSTS**

11 **SECTION #.** Section 21.65 of S.L. 2001-424 reads as rewritten:

12 **"SECTION 21.65.(a)** Area mental health, developmental disabilities, and substance
13 abuse authorities or counties administering mental health, developmental disabilities,
14 and substance abuse services shall develop and implement plans to reduce local
15 administrative costs. The plans shall be developed in accordance with guidelines
16 adopted by the Secretary, in consultation with the Local Government Commission and
17 the North Carolina Association of County Commissioners, and in accordance with the
18 following:

19 (1) For the 2001-2002 fiscal year, administrative costs for:

- 20 a. Area mental health, developmental disabilities, and substance
21 abuse services programs shall not exceed fifteen percent (15%).
22 b. Counties administering mental health, developmental
23 disabilities, and substance abuse services through a county
24 program shall not exceed fifteen percent (15%).

25 (2) For the 2002-2003 fiscal year, administrative costs for:

- 26 a. Area mental health, developmental disabilities, and substance
27 abuse services programs shall not exceed thirteen percent
28 (13%).
29 b. Counties administering mental health, developmental
30 disabilities, and substance abuse services through a county
31 program shall not exceed ~~thirteen~~ percent (13%).

32 **SECTION 21.65.(b)** The Department of Health and Human Services shall report its
33 progress in complying with this section not later than January 1, 2002, and April 15,
34 2002. The reports shall be submitted to the Senate Appropriations Committee on Health
35 and Human Services, the House of Representatives Appropriations Subcommittee on
36 Health and Human Services, and the Fiscal Research Division and shall include:

- 37 (1) A description of the process used and the participants involved in
38 complying with subsection (a) of this section.
39 (2) The guidelines developed under subsection (a) of this section.
40 (3) A description of local compliance initiatives and efforts including
41 program or function consolidation.
42 (4) A list of area programs at or below the targeted thirteen percent (13%)
43 for the 2000-2001 fiscal year.

- (5) Projected savings in administrative costs as a result of implementation of the targeted limits required under this section.

SECTION 21.65.(c) Beginning in the 2002-2003 fiscal year, the Department may implement alternative approaches to establish reasonable administrative cost limitations for Local Management Entities (LMEs), including both county programs and area authority models, and service providers in accordance with system reform and changes in system funding structures."

Special Provision 2002-DHHS-S68-P [v7], Modified 5/28/02 3:38 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

MENTAL RETARDATION CENTER DOWNSIZING

SECTION #. Section 21.67 of S.L. 2001-424 reads as rewritten:

"SECTION 21.67.(a) In accordance with the Department of Health and Human Services' plan for downsizing the State's regional mental retardation facilities by four percent (4%) each year, the Department shall implement cost-containment and reduction strategies to ensure the corresponding financial and staff downsizing of each facility. The Department shall manage the client population of the mental retardation centers in order to ensure that placements for ICF/MR level of care shall be made in non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last resort and only upon approval of the Department. The corresponding budgets for each of the State mental retardation centers shall be reduced, and positions shall be eliminated as the census of each facility decreases. At no time shall mental retardation center positions be transferred to other units within a facility or assigned nondirect care activities such as outreach.

SECTION 21.67.(a1) Any savings in State appropriations in excess of two million nine hundred thousand dollars (\$2,900,000) in each year of the 2001-2003 fiscal biennium that result from reductions in beds or services shall be applied as follows:

- (1) Nonrecurring savings shall be placed in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs and shall be used to facilitate the transition of clients into appropriate community-based services and support in accordance with Section 21.58 of this act, and
- (2) Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W. In determining the savings in this section, savings shall include all savings realized from the downsizing of the State mental retardation centers including both the savings in direct State appropriations in the budgets of the State mental retardation centers as well as the savings in the State matching portion of reduced Medicaid payments associated with downsizing.

1 **SECTION 21.67.(b)** The Department of Health and Human Services shall report on
2 its progress in complying with this section to the Senate Appropriations Committee on
3 Health and Human Services, the House of Representatives Appropriations
4 Subcommittee on Health and Human Services, and the Fiscal Research Division. The
5 progress report shall be submitted not later than January 15, 2002, and a final report
6 submitted not later than ~~May 1, 2002.~~October 1, 2002.

7 **SECTION 21.67.(c)** Downsizing of mental retardation centers which occurs in the
8 2002 fiscal year shall be maintained for the 2003 fiscal year. Effective July 1, 2002,
9 downsizing shall be accomplished in accordance with the State Plan for Mental Health,
10 Developmental Disabilities, and Substance Abuse Services. All savings resulting from
11 downsizing occurring on and after July 1, 2002, shall be utilized as set forth in
12 subsection (a1) of this section."

13
14 **Special Provision 2002-DHHS-S70-P** [v3], Modified 5/28/02 11:11 AM

15 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

16 **STATE PSYCHIATRIC HOSPITAL BED DAY ALLOCATION PLAN**

17 **SECTION #.** Section 21.68A of S.L. 2001-424 reads as rewritten:

18 **"SECTION 21.68A.** The Department of Health and Human Services shall develop
19 and implement a plan that provides for the allocation of State psychiatric hospital ~~beds~~
20 bed days among counties served by the State's regional psychiatric hospitals. The Plan
21 shall incorporate policies that take into consideration State and county fiscal
22 responsibilities and capacity, cost efficiency, and the principles and guidance embodied
23 in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the
24 implementation of this section to the House of Representatives Appropriations
25 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
26 Health and Human Services, and the Fiscal Research Division, on ~~March 1,~~
27 2002.~~November 1, 2002."~~

28
29 **Special Provision 2002-DHHS-S59-P** [v6], Modified 6/7/02 5:17 PM

30 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

31 **EXTEND CONSUMER ADVOCACY PROGRAM CONTINGENT UPON**
32 **FUNDS APPROPRIATED BY THE 2003 GENERAL ASSEMBLY**

33 **SECTION #.** Section 4 of S.L. 2001-437 reads as rewritten:

34 **"SECTION 4.** Sections 1.1 through 1.21(b) of this act become effective July 1,
35 2002. Section 2 of this act becomes effective July 1, 2002, ~~only if funds are~~
36 ~~appropriated by the 2001 General Assembly, Regular Session 2002, for that purpose.~~
37 only if funds are appropriated by the 2003 General Assembly for that purpose. Section 2
38 of this act becomes effective July 1 of the fiscal year for which funds are appropriated
39 by the 2003 General Assembly for that purpose. The remainder of this act is effective
40 when it becomes law."

41
42 **Special Provision 2002-DHHS-S60-P** [v4], Modified 5/30/02 2:10 PM

43 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

44 **DHHS COORDINATION OF RULES**

1 **SECTION #.(a)** The Secretary of the Department of Health and Human
2 Services and the Chairs of the Commissions listed in this section shall collaborate in the
3 development of a process for identifying and resolving issues pertaining to duplication
4 and conflict of rules adopted by the Secretary and each Commission that affect the area
5 of mental health, developmental disabilities, and substance abuse services. The process
6 shall address the following:

7 (1) How to identify on a routine basis proposed rules that duplicate in
8 whole or in part other rules proposed or adopted and ways of avoiding
9 the duplication without interfering with the agency's statutory duty to
10 adopt the rule and without impairing the effectiveness of the rule in
11 carrying out the statutory mandate.

12 (2) How to identify on a routine basis adopted rules that are in conflict,
13 proposed rules that conflict with other proposed or adopted rules, and
14 ways of addressing the conflict without interfering with the agency's
15 statutory duty to adopt the rule and without impairing the effectiveness
16 of the rule in carrying out the statutory mandate.

17 The following Commissions shall collaborate with the Secretary on the
18 development of this process: the Commission for Mental Health, Developmental
19 Disabilities, and Substance Abuse Services, the Social Services Commission, the
20 Commission for Health Services, the Medical Care Commission, and other
21 Commissions that adopt rules affecting the area of mental health, developmental
22 disabilities, and substance abuse services that the Secretary has a duty to implement.
23 The Secretary shall also involve a representative of the Division of Medical Assistance
24 in this effort.

25 **SECTION #.(b)** The Secretary and the Commissions shall implement the
26 process required by Section 1 of this act not later than October 1, 2002. Not later than
27 October 15, 2002, the Secretary shall report to the Joint Legislative Commission on
28 Mental Health, Developmental Disabilities, and Substance Abuse Services the
29 following:

30 (1) The status of the review of rules conducted by the Department for
31 determining the existence of ambiguity, duplication, or conflict.

32 (2) Specific rules identified that are in conflict and the recommended
33 action for resolving the conflict.

34 (3) Statutory changes necessary to accomplish the purposes of the rules
35 review process required by Section 1 of this act.

36 37 **SUBPART 4. DIVISION OF SOCIAL SERVICES**

38
39 **Special Provision 2002-DHHS-S17-P [v5], Modified 5/28/02 2:18 PM**

40 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

41 **SPECIAL NEEDS ADOPTION INCENTIVE FUND REPORTING DATE**

42 **SECTION #.** Section 21.42(d) of S.L. 2001-424 reads as rewritten:

43 "SECTION 21.42.(d) The Department of Health and Human Services shall report
44 on the use of these funds no later than April 1, ~~2002,2003~~, to the Senate Appropriations

Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division."

Special Provision 2002-DHHS-S19-P [v9], Modified 6/7/02 3:10 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

CHILD WELFARE SYSTEMS PILOTS REPORTS

SECTION #.(a) Section 21.46(a) of S.L. 2001-424 reads as rewritten:

"SECTION 21.46.(a) The Department of Health and Human Services, Division of Social Services, shall develop a plan, working with local departments of social services, to implement an alternative response system of child protection in no fewer than two and no more than 10 demonstration areas in this State. The plan should provide for the pilots to implement an alternative response system in which local departments of social services utilize family assessment tools and family support principles when responding to selected reports of suspected child ~~neglect~~neglect and dependency."

SECTION #.(b) The Department of Health and Human Services shall report on any activities conducted under Section 21.46 of S.L. 2001-424 to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than April 1, 2003.

Special Provision 2002-DHHS-S20-P [v4], Modified 5/28/02 2:44 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

FAMILY RESOURCE CENTERS – REPORTING REQUIREMENT

SECTION #. Section 21.48(e) of S.L. 2001-424 reads as rewritten:

"SECTION 21.48.(e) The Department shall report on activities under this section. This report is due to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on May 1, ~~2002~~2003."

Special Provision 2002-DHHS-S22-P [v5], Modified 5/28/02 2:41 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

ELIMINATE ADDITIONAL FUNDS FOR CHILD SUPPORT SERVICES

SECTION #. Section 21.54A of S.L. 2001-424 reads as rewritten:

"SECTION 21.54A. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of one million five hundred thousand dollars (\$1,500,000) for the 2001-2002 fiscal year, ~~and one million five hundred thousand dollars (\$1,500,000) for the 2002-2003 fiscal year,~~year shall be used to contract for additional child support services in urban counties demonstrating significant caseload backlogs. The additional support to urban counties shall address the backlog of cases and emphasize the establishment of paternities and the location of absent parents."

Special Provision 2002-DHHS-S27-P [v7], Modified 5/23/02 11:22 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
STATE/COUNTY SPECIAL ASSISTANCE

SECTION #. Section 21.44(d) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.44.(d)** Effective October 1, 2002, the maximum monthly rate for residents in adult care home facilities shall be ~~one thousand one hundred twenty dollars (\$1,120) per month per resident.~~ one thousand ninety-one dollars (\$1,091) per month per resident."

Special Provision 2002-DHHS-S28-P [v3], Modified 5/23/02 10:45 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
ELECTING COUNTY TANF FUNDS REVERT

SECTION #. G.S. 108A-27.11(c) reads as rewritten:

"(c) Each Electing County's allocation for Work First Family Assistance shall be computed based on the percentage of each Electing County's total expenditures for cash assistance to statewide actual expenditures for cash assistance in 1995-96. The resulting percentage shall be applied to the federal TANF block grant funds appropriated for cash assistance by the General Assembly each fiscal year. The Department shall transmit the federal funds contained in the county block grants to Electing Counties as soon as practicable after they become available to the State and in accordance with federal cash management laws and regulations. The Department shall transmit one-fourth of the State funds contained in county block grants to Electing Counties at the beginning of each quarter. ~~Once paid, the county block grant funds shall not revert.~~"

Special Provision 2002-DHHS-S31-P [v4], Modified 5/23/02 11:25 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES

SECTION #. Section 21.54(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.54.(b)** The Department shall submit a progress report on the development of the model to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on or before January 1, 2002, and a final report on ~~March 1, 2002.~~ March 1, 2003. The report shall address the following:

- (1) The proposed time and location for implementation of the pilot.
- (2) Proposed number of residents to be placed and services to be provided directly by the facility or under contract with the facility.
- (3) Method for evaluating the pilot, including services provided, on a regular basis.
- (4) A description of the living environment for each resident and a comparison of how the living environment compares to that of other residents in the adult care home.
- (5) Changes to State law necessary to implement the pilot.
- (6) Projected cost to the State for pilot and statewide implementation."

1 **Special Provision 2002-DHHS-S33-P** [v6], Modified 5/23/02 10:49 AM

2 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

3 **ADULT CARE HOME RESIDENT ASSESSMENT SERVICES PROGRAM**
4 **REPEALED**

5 **SECTION #.** Section 21.35 of S.L. 2001-424 is repealed.
6

7 **Special Provision 2002-DHHS-S39-P** [v9], Modified 5/28/02 2:07 PM

8 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

9 **STATE/COUNTY SPECIAL ASSISTANCE RATE METHODOLOGY**

10 **SECTION #.(a)** The Department of Health and Human Services shall
11 develop a plan to address the short-term and long-term recommendations of the report
12 titled "Reimbursement of Adult Care Homes in North Carolina: A Study of the Special
13 Assistance Rate Methodology, May, 2002." The plan shall include:

- 14 (1) Setting the rate at the median plus a percentage;
- 15 (2) Excluding low-occupancy facilities from the rate-setting methodology;
16 and
- 17 (3) Adjusting fixed costs for inflation.

18 **SECTION #.(b)** The Department shall implement the following changes to
19 the adult care home cost reports:

- 20 (1) Revise the Direct Cost category to include: housekeeping/laundry,
21 health services, dietary services, recreational activities, and initial
22 orientation/aide training;
- 23 (2) Revise the Indirect Cost category to include: administration/general
24 and operation/maintenance;
- 25 (3) Revise the category of other Cost centers to include: personal care,
26 medically related transportation, and mental health services;
- 27 (4) Create a capital cost center category to include
28 property/ownership/use;
- 29 (5) Create a nonreimbursable cost category; and
- 30 (6) Define allowable and nonallowable expenditures.

31 The Department of Health and Human Services shall make the new cost report format
32 available to each facility 90 days prior to implementation.

33 **SECTION #.(c)** The Department shall expand current audit policies and
34 procedures for auditing provider costs. The Department shall create an audit function
35 that is directly answerable to the State and involves fewer but more detailed audits. All
36 providers of services to State County Special Assistance recipients shall be subject to a
37 State audit if selected. The specific audit requirements shall be based on auditing
38 requirements of governmental programs providing similar services. The Department of
39 Health and Human Services shall expand current audit procedures for State County
40 Special Assistance to include auditing of costs associated with personal care services
41 reimbursed by Medicaid.

42 **SECTION #.(d)** The Department shall apply for federal waiver to pay
43 facilities directly for residential services for State County Special Assistance Residents.

SECTION #(e) The Department shall report on the progress of the implementations of the requirements of this section no later than December 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Special Provision 2002-DHHS-S51-P [v9], Modified 6/8/02 4:00 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

SPECIAL CHILDREN ADOPTION FUND

SECTION #. Section 21.40(b) of S.L. 2001-424 reads as rewritten:

"SECTION 21.40.(b) Of the total funds appropriated for the Special Children Adoption Fund, each year ~~one million dollars (\$1,000,000)~~ twenty percent (20%) of the total funds available shall be reserved for payment to participating private adoption agencies. If the funds reserved in this subsection for payments to private adoption agencies have not been spent on or before March 31, ~~2002, 2003~~, the Division of Social Services may reallocate those funds, in accordance with this section, to other participating adoption agencies."

SUBPART 5. DIVISION OF AGING

Special Provision 2002-DHHS-S26-P [v6], Modified 5/23/02 11:24 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

ALZHEIMER'S ASSOCIATION FUNDS FY 2001-2002

SECTION #. Section 21.31 of S.L. 2001-424 reads as rewritten:

"SECTION 21.31. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Aging, the sum of one hundred fifty thousand dollars (\$150,000) for the 2001-2002 fiscal year ~~and the sum of one hundred fifty thousand dollars (\$150,000) for the 2002-2003 fiscal year~~ shall be allocated as follows:

(1) ~~\$75,000 in each fiscal year~~ for the Western Carolina Alzheimer's Chapter; and

(2) ~~\$75,000 in each fiscal year~~ for the Eastern NC Alzheimer's Chapter.

Before funds may be allocated to any chapter under this section, the Chapter shall submit to the Division of Aging, for its approval, a plan for the use of the funds."

Special Provision 2002-DHHS-S34-P [v4], Modified 5/23/02 11:22 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

GOVERNOR'S ADVISORY COUNCIL ON AGING

SECTION #. G.S. 143B-181 reads as rewritten:

"§ 143B-181. Governor's Advisory Council on Aging – members; selection; quorum; compensation.

The Governor's Advisory Council on Aging of the Department of Health and Human Services shall consist of 33 members, 29 members to be appointed by the Governor, two members to be appointed by the President Pro Tempore of the Senate, and two members to be appointed by the Speaker of the House of Representatives. The composition of the

Council shall be as follows: one representative of the Department of Administration; one representative of the Department of Cultural Resources; one representative of the Employment Security Commission; one representative of the Teachers' and State Employees' Retirement System; one representative of the Commissioner of Labor; one representative of the Department of Public Instruction; one representative of the Department of Environment and Natural Resources; one representative of the Department of Insurance; one representative of the Department of Crime Control and Public Safety; one representative of the Department of Community Colleges; one representative of the School of Public Health of The University of North Carolina; one representative of the School of Social Work of The University of North Carolina; one representative of the Agricultural Extension Service of North Carolina State University; one representative of the collective body of the Medical Society of North Carolina; and 19 members at large. The at large members shall be citizens who are knowledgeable about services supported through the Older Americans Act of 1965, as amended, and shall include persons with greatest economic or social need, minority older persons, and participants in programs under the Older Americans Act of 1965, as amended. The Governor shall appoint 15 members at large who meet these qualifications and are 60 years of age or older. The four remaining members at large, two of whom shall be appointed by the President Pro Tempore of the Senate and two of whom shall be appointed by the Speaker of the House of Representatives, shall be broadly representative of the major private agencies and organizations in the State who are experienced in or have demonstrated particular interest in the special concerns of older persons. At least one of each of the at-large appointments of the President Pro Tempore of the Senate and the Speaker of the House of Representatives shall be persons 60 years of age or older. The Council shall meet at least quarterly ~~quarterly~~ biannually.

Members at large shall be appointed for four-year terms and until their successors are appointed and qualify. Ad interim appointments shall be for the balance of the unexpired term.

The Governor shall have the power to remove any member of the Council from office in accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

The Governor shall designate one member of the Council as chair to serve in such capacity at his pleasure.

Members of the Council shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

A majority of the Council shall constitute a quorum for the transaction of business. All clerical and other services required by the Council shall be supplied by the Secretary of Health and Human Services."

SUBPART 6. OFFICE OF EDUCATIONAL SERVICES

Special Provision 2002-DHHS-S54-P [v6], Modified 5/28/02 3:39 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

RESIDENTIAL SCHOOLS REPORTING

SECTION #. The Office of Education Services shall report not later than December 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the activities of the Eastern North Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at Morganton, and the Governor Morehead School for the Blind. The report shall include enrollment numbers at the schools, the budgets, and the academic status of the schools as defined under the ABC's program.

SUBPART 7. DIVISION OF PUBLIC HEALTH

Special Provision 2002-DHHS-S5-P [v5], Modified 5/24/02 4:07 PM

Requested by: Senators Martin of Guilford, Purcell, Warren, Plyler, Odom, Lee
HEART DISEASE AND STROKE PREVENTION TASK FORCE

SECTION #. Section 21.95 of S.L. 2001-424 reads as rewritten:

"SECTION 21.95. The Heart Disease and Stroke Prevention Task Force, created in subsection (1) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended, shall submit to the Governor and the General Assembly a sixth interim report within the first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a seventh interim report within the first week of the convening of the 2003 General Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall submit a final report to the Governor and the General Assembly by June 30, 2003. ~~by June 30, 2003, and, upon submission of its final report to the Governor and the General Assembly, the Task Force shall expire.~~"

Special Provision 2002-DHHS-S6-P [v7], Modified 5/23/02 11:21 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee
NEWBORN HEARING SCREENING PROGRAM REPORT

SECTION #. Section 21.96 of S.L. 2001-424 reads as rewritten:

"SECTION 21.96. The Department of Health and Human Services shall report the following information on the newborn hearing screening program:

- (1) Unduplicated number of infants screened.
- (2) Number of infants who failed the second hearing screening.
- (3) Number of infants receiving the diagnostic evaluation.
- (4) Number and types of services provided.
- (5) Number and types of follow-up services provided to children.

The Department shall submit the report not later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The Department shall report not later than January 1, 2003, on its activities to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division."

Special Provision 2002-DHHS-S7-P [v20], Modified 6/8/02 6:21 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

INTENSIVE HOME VISITING

SECTION #. Section 21.97(b) of S.L. 2001-424 reads as rewritten:

"SECTION 21.97.(b) The Division shall require in-home visitors to collect data on program participants as a condition of participation. This requirement shall include six-month periodic assessments and completion of the questionnaires. The Department shall ensure that the collection, maintenance, use, and disclosure of data complies with applicable State and federal law protecting privacy of health and other individual information. By April 1, 2002, ~~2003~~, the Division shall report to the Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services on the following items:

- (1) Number of clients/families enrolled per county.
- (2) Attrition and reasons why families leave the program.
- (3) Average number of home visits per month.
- (4) Average time involved per home visit.
- (5) Baseline family characteristics.
- (6) Health behaviors.
- (7) Perinatal and birth outcomes.
- (8) Other relevant outcome information.

All program information shall include the identification of the model used in order to compare these models in the future."

Special Provision 2002-DHHS-S13-P [v5], Modified 5/28/02 2:17 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

AIDS DRUG ASSISTANCE PROGRAM (ADAP)

SECTION #.(a) Section 21.90(b) of S.L. 2001-424 reads as rewritten:

"SECTION 21.90.(b) For the 2001-2002 fiscal year and for the 2002-2003 fiscal year, HIV-positive individuals with incomes at or below one hundred twenty-five percent (125%) of the federal poverty level are eligible for participation in ADAP. ~~Eligibility for participation in ADAP may be extended to individuals with incomes up to one hundred fifty percent (150%) of the federal poverty level only after the Office of State Budget and Management certifies in writing that the Department has developed an information management system pursuant to subsection (a) of this section. Until the Office of State Budget and Management makes this certification, eligibility~~Eligibility for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level. ~~Following six months of increased eligibility at one hundred fifty percent (150%) of the federal poverty level, eligibility for participation in ADAP shall be extended to individuals with incomes up to one hundred seventy five percent (175%) of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals with incomes up to two hundred percent (200%) of the federal poverty level."~~

SECTION #.(b) The Department of Health and Human Services shall develop a plan to manage costs in ADAP and to serve additional participants within additional resources. The plan shall include an assessment of the following, including, where applicable, a review of other states' actions in these areas:

- (1) Limiting the drug formulary.
- (2) Capping expenditures on a per participant/per month basis.
- (3) Providing financial assistance to participants for health care program premiums.

SECTION #.(c) The Department shall report on activities conducted under this section and under Section 21.90 of S.L. 2001-424 to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Subcommittee on Health and Human Services, and the Fiscal Research Division. The Department shall submit an interim report not later than December 1, 2002, and a final report not later than May 1, 2003.

Special Provision 2002-DHHS-S42-P [v10], Modified 5/30/02 4:32 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

PRESCRIPTION DRUG ASSISTANCE PROGRAM

SECTION #.(a) Section 21.88 of S.L. 2001-424 reads as rewritten:

"SECTION 21.88. Of the funds appropriated in this act to the Department of Health and Human Services, the sum of five hundred thousand dollars (\$500,000) for the 2001-2002 fiscal year ~~and the sum of five hundred thousand dollars (\$500,000) for the 2002-2003 fiscal year~~ shall be used to pay the cost of outpatient prescription drugs for persons:

- (1) Over the age of 65 years and not eligible for full Medicaid benefits;
- (2) Whose income is not more than one hundred fifty percent (150%) of the federal poverty level; and
- (3) Who have been diagnosed with cardiovascular disease or diabetes.

These funds shall be used to pay the cost of outpatient prescription drugs for the treatment of cardiovascular disease or diabetes. Payment shall be not more than the Medicaid cost including rebates. The Department shall develop criteria to maximize the efficient and effective distribution of these drugs."

SECTION #.(b) It is the intent of the General Assembly that funding for prescription drug assistance provided by the Health and Wellness Trust Fund shall include funds for the transition of benefits formerly provided under the Prescription Drug Assistance Program.

Special Provision 2002-DHHS-S48-P [v4], Modified 5/23/02 10:27 AM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

REPEAL DENTAL HEALTH PROGRAM IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION #. Article 14 of Chapter 130A of the General Statutes is repealed.

1 **Special Provision 2002-DHHS-S49-P** [v10], Modified 5/24/02 1:08 PM

2 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

3 **RESTRUCTURE ORAL HEALTH SECTION**

4 **SECTION #.** The Department of Health and Human Services, Division of
5 Public Health, shall restructure the Division's Oral Health Section within the Women's
6 and Children's Health Section. The restructuring shall result in broadening the scope of
7 the Oral Health Section responsibilities to begin to address a more comprehensive
8 school health program throughout the State. The Division shall ensure that positions and
9 resources within the Oral Health Section are also transferred to meet the requirements of
10 a comprehensive school health program. The Division of Public Health shall report not
11 later than December 1, 2002, on the Division's reorganization, including restructuring of
12 the Oral Health Section. The Division shall submit the report to the Senate
13 Appropriations Committee on Health and Human Services, the House of
14 Representatives Appropriations Subcommittee on Health and Human Services, and the
15 Fiscal Research Division.

16
17 **Special Provision 2002-DHHS-S52-P** [v3], Modified 5/28/02 2:36 PM

18 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

19 **EARLY INTERVENTION PROGRAM - REPORTING REQUIREMENT**

20 **SECTION #.** The Department of Health and Human Services shall report on
21 the activities conducted under Section 21.79 of S.L. 2001-424 to the Senate
22 Appropriations Committee on Health and Human Services, the House of
23 Representatives Appropriations Subcommittee on Health and Human Services, and the
24 Fiscal Research Division not later than December 1, 2002.

25
26 **Special Provision 2002-DHHS-S53-P** [v5], Modified 5/23/02 2:40 PM

27 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

28 **DEVELOPMENTAL EVALUATION CENTERS**

29 **SECTION #.(a)** The Department of Health and Human Services, Division
30 of Public Health, shall administer the reduction in funds for the 2002-2003 fiscal year of
31 two million seventy-six thousand four hundred twenty-six dollars \$2,076,426 to all
32 Developmental Evaluation Centers (DEC's) based upon the following:

- 33 (1) Prior years' expenditures of the DEC,
34 (2) Elimination of vacant positions, and
35 (3) Overall needs of the DEC.

36 The reduction shall not result in the entire closure of an individual DEC and
37 the implementation of the reduction should seek to minimize the loss of direct services
38 to children, looking first at administrative reductions.

39 **SECTION #.(b)** The Division of Public Health shall prepare a plan for the
40 future of Developmental Evaluation Centers that will involve a needs-assessment of
41 services and geographical needs. The plan shall also include an assessment of the
42 number of DEC's needed and recommendations for future downsizing or growth. The
43 plan will augment the Early Intervention Services Plan submitted to the General
44 Assembly. The Division shall report on its plan not later than December 1, 2002, to the

Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Special Provision 2002-DHHS-S57-P [v12], Modified 5/30/02 2:44 PM

Requested by: Senator Martin of Guilford, Purcell, Cunningham, Plyler, Odom, Lee

WORKERS' COMPENSATION FOR DUSTY TRADES

SECTION #.(a) G.S. 97-61.1 reads as rewritten:

"§ 97-61.1. First examination of and report on employee having asbestosis or silicosis.

When an employee and the Industrial Commission are advised by the Department of Health and Human Services that an employee has asbestosis or silicosis, the employer shall be notified by the Industrial Commission, and the employee, when ordered by the Industrial Commission, shall go to a place designated by the Industrial Commission and submit to X rays and a physical examination by the advisory medical committee, at least one of whom shall conduct the examination, and the member or members of the advisory medical committee conducting the examination shall forward the X rays and findings to the member or members of the committee not present for the physical examination. The employer shall pay the expenses connected with the examination in such amounts as shall be directed by the Industrial Commission. Within 30 days after the completion of the examination, the advisory medical committee shall make a written report signed by all of its members setting forth:

- (1) The X rays and clinical procedures used by the committee in arriving at its findings.
- (2) Whether or not the claimant has contracted asbestosis or silicosis.
- (3) The committee's opinion expressed in percentages of the impairment of the employee's ability to perform normal labor in the same or any other employment.
- (4) Any other matter deemed pertinent by the committee.

When a competent physician certifies to the Industrial Commission that the employee's physical condition is such that his movement to the place of examination ordered by the Industrial Commission as herein provided in G.S. 97-61.1, 97-61.3 and 97-61.4 would be harmful or injurious to the health of the employee, the Industrial Commission shall cause the examination of the employee to be made by the advisory medical committee as herein provided at some place in the vicinity of the residence of the employee suitable for the purposes of making such examination."

SECTION #.(b) G.S. 97-61.5 reads as rewritten:

"§ 97-61.5. Hearing after first examination and report; ~~removal of employee from hazardous occupation; further exposures prohibited; compensation upon removal from hazardous occupation.~~ a finding of asbestosis or silicosis.

(a) After the employer and employee have received notice of the first committee report, the Industrial Commission, unless it has already approved an agreement between the employer and employee, shall set the matter for hearing at a time and place to be

1 decided by it, to hear any controverted questions, determine if and to whom liability
2 attaches, and where appropriate, file a written opinion with its findings of fact and
3 conclusions of law and cause its award to be issued thereon, all of which shall be
4 subject to modification as provided in G.S. 97-61.6.

5 (b) If the Industrial Commission finds at the first hearing that the employee has
6 either asbestosis or silicosis or if the parties enter into an agreement to the effect that the
7 employee has silicosis or asbestosis, it shall by order ~~remove-prohibit~~ the employee
8 from engaging in any occupation ~~which-that further~~ exposes him to the hazards of
9 asbestosis or silicosis, and if the employee thereafter engages in any occupation ~~which~~
10 that further exposes him to the hazards of asbestosis or silicosis without having obtained
11 the written approval of the Industrial Commission as provided in G.S. 97-61.7, neither
12 he, his dependents, personal representative nor any other person shall be entitled to any
13 compensation for disablement or death resulting from asbestosis or silicosis; ~~provided;~~
14 ~~that if the employee is removed from the industry and the employer shall pay or cause to~~
15 ~~be paid as in this subsection provided to the employee affected by such asbestosis or~~
16 ~~silicosis a weekly compensation equal to sixty-six and two-thirds percent (66 2/3%) of~~
17 ~~his average weekly wages before removal from the industry, but not more than the~~
18 ~~amount established annually to be effective October 1 as provided in G.S. 97-29 or less~~
19 ~~than thirty dollars (\$30.00) a week, which compensation shall continue for a period of~~
20 ~~104 weeks. Payments made under this subsection shall be credited on the amounts~~
21 ~~payable under any final award in the cause entered under G.S. 97-61.6."~~

22 SECTION #.(c) G.S. 97-61.7 reads as rewritten:

23 "§ 97-61.7. Waiver of right to ~~compensation as alternative to forced change of~~
24 ~~occupation.~~ further compensation.

25 An employee who has been compensated under the terms of G.S. 97-61.5(b) ~~as an~~
26 ~~alternative to forced change of occupation,~~ may, subject to the approval of the Industrial
27 Commission, waive in writing his right to further compensation for any aggravation of
28 his condition that may result from his continuing in an occupation exposing him to the
29 hazards of asbestosis or silicosis, in which case payment of all compensation awarded
30 previous to the date of the waiver as approved by the Industrial Commission shall bar
31 any further claims by the employee, or anyone claiming through him, provided, that in
32 the event of total disablement or death as a result of asbestosis or silicosis with which
33 the employee was so affected, compensation shall nevertheless be payable, but in no
34 case, whether for disability or death or both, for a longer period than 100 weeks in
35 addition to the 104 weeks already paid. Such written waiver must be filed with the
36 Industrial Commission, and the Commission shall keep a record of each waiver, which
37 record shall be open to the inspection of any interested person."

38 SECTION #.(d) G.S. 97-72(b) reads as rewritten:

39 "(b) The members of the advisory medical committee shall be paid one hundred
40 dollars (\$100.00) per month plus not more than forty dollars (\$40.00) per film
41 examined. The fee per film shall be established by the ~~Secretary of Health and Human~~
42 ~~Services,—Industrial Commission,~~ Industrial Commission, as guided by the current Medicaid/Medicare
43 reimbursement schedules for North Carolina."

44 SECTION #.(e) G.S. 97-73(b) reads as rewritten:

1 "(b) ~~The Secretary of Health and Human Services Industrial Commission shall~~
2 ~~establish a schedule of fees for examinations conducted by the Department of Health~~
3 ~~and Human Services directed by the Industrial Commission pursuant to G.S. 97-60. The~~
4 ~~fees shall be collected in accordance with rules adopted by the Secretary of Health and~~
5 ~~Human Services Industrial Commission."~~

6 **SECTION #.(f)** Subsections (b) and (c) of this section are effective when
7 this section becomes law and apply to all claims for workers' compensation that the
8 Industrial Commission determines on or after that date and to all claims for workers'
9 compensation that result in a settlement agreement entered into on or after that date.

10 11 **SUBPART 8. DIVISION OF CHILD DEVELOPMENT**

12
13 **Special Provision 2002-DHHS-S10A [v2], Modified 6/14/02 10:27 AM**

14 Requested by: Senators Martin of Guilford and Purcell

15 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES** 16 **ENHANCEMENTS**

17 **SECTION #.(a)** Section 21.75.(d) of S.L. 2001-424 reads as rewritten:

18 **"SECTION 21.75.(d)** The Department of Health and Human Services and the
19 North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds
20 for Early Childhood Education and Development Initiatives for State fiscal year-years
21 2001-2002 and 2002-2003 shall be administered and distributed in the following
22 manner:

- 23 (1) The North Carolina Partnership for Children, Inc., shall develop a
24 policy to allocate the reduction of funds for Early Childhood
25 Education and Development Initiatives for the 2001-2002 and 2002-
26 2003 fiscal year-years.
- 27 (2) The North Carolina Partnership for Children, Inc., administration shall
28 be reduced by ten percent (10%) from the 2000-2001 fiscal year level.
- 29 (3) The Department of Health and Human Services Smart Start
30 administration shall be reduced by ten percent (10%) from the
31 2000-2001 fiscal year level.
- 32 (4) Capital expenditures and playground equipment expenditures are
33 prohibited for fiscal year-2001-2002-years 2001-2002 and 2002-2003.
34 For the purposes of this section, "capital expenditures" means
35 expenditures for capital improvements as defined in G.S. 143-34.40.
- 36 (5) Expenditures for advertising and promotional activities are prohibited
37 for fiscal year 2002-2003."

38 **SECTION #.(b)** Section 21.75(f) of S.L. 2001-424 reads as rewritten:

39 **"SECTION 21.75.(f)** For the 2001-2002 and 2002-2003 fiscal year-years, the North
40 Carolina Partnership for Children, Inc., shall not approve local partnership plans that
41 allocate State funds to child care providers for one-time quality improvement initiatives
42 in the following circumstances:

- 43 (1) Child care facilities with licensure of four or five stars, unless the
44 expenditure of funds is to expand capacity for low-income children.

(2) Child care facilities that do not accept child care subsidy funds.

(3) Child care facilities that previously received quality improvement grants whose quality initiatives failed to increase licensure."

SECTION #.(c) For the 2002-2003 fiscal year, the local partnerships shall spend an amount for child care subsidies that provides at least fifty-two million dollars (\$52,000,000) for the TANF maintenance of effort requirement and the Child Care Development Fund and Block Grant match requirement.

SECTION #.(d) Of the funds appropriated in this act, the North Carolina Partnership for Children, Inc., shall transfer one million dollars (\$1,000,000) to the Department of Health and Human Services, Division of Public Health, to contract with the National Society to Prevent Blindness – North Carolina Affiliate, Inc., to maximize vision screenings of children in child care settings. The National Society to Prevent Blindness – North Carolina Affiliate, Inc., shall report on the use of the funds transferred under this section no later than March 1, 2003, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. This report shall included the following:

(1) The number of screenings conducted.

(2) The number of previously undetected vision problems discovered in the screenings.

(3) The number of child care facilities in which screenings are conducted.

(4) A listing of the counties in which screenings are conducted.

SECTION #.(e) Notwithstanding any other provision of law, for the 2002-2003 fiscal year, the North Carolina Partnership for Children, Inc., may not contract with any outside entity to conduct performance assessments of local partnerships.

SECTION #.(f) G.S. 143B-168.12 is amended by adding a new subsection to read:

"(e) The North Carolina Partnership shall develop guidelines for local partnerships to follow in selecting capital projects to fund. The guidelines shall include assessing the community needs in relation to the quantity of child care centers, assessing the cost of purchasing or constructing new facilities as opposed to renovating existing facilities, and prioritizing capital needs such as construction, renovations, and playground equipment and other amenities."

SECTION #.(g) G.S. 143B-168.13(a)(1a) reads as rewritten:

"(1a) Develop and conduct a statewide needs and resource assessment every third year, beginning in the 1997-98 fiscal year. This needs assessment shall be conducted in cooperation with the North Carolina Partnership and with the local partnerships. This needs assessment shall include a statewide assessment of capital needs. The data and findings of this needs assessment shall form the basis for annual program plans developed by local partnerships and approved by the North Carolina Partnership."

1 **SECTION #.(h)** Of the funds appropriated in this act, the North Carolina
2 Partnership for Children, Inc., shall transfer the sum of four hundred thousand dollars
3 (\$400,000) to the Department of Health and Human Services, Division of Public Health,
4 for the purpose of providing a statewide folic acid campaign.

5
6 **Special Provision 2002-DHHS-S11A [v9], Modified 6/17/02 6:22 PM**

7 Requested by: Senator

8 **MORE AT FOUR PROGRAM**

9 **SECTION #.(a)** Section 21.76B(c)(2) of S.L. 2001-424 is repealed.

10 **SECTION #.(b)** Section 21.76B(d) of S.L. 2001-424 reads as rewritten:

11 **"SECTION 21.76B.(d)** In development of the "More At Four" pilot, the
12 Department of Health and Human Services, in consultation with the Department of
13 Public Instruction and the Task Force, shall:

14 (1) Contract with an independent research organization, outside the
15 Department of Health and Human Services and the Department of
16 Public Instruction, with proven expertise in evaluation of
17 prekindergarten programs, for the design of an evaluation component.
18 ~~The evaluation component shall facilitate longitudinal review of the~~
19 ~~program and child-specific outcomes to include, at a minimum,~~
20 ~~participants' readiness for kindergarten, percentage of participants~~
21 ~~scoring at or above grade level on the third grade end-of-grade test,~~
22 ~~and high school graduation rates pre- and post-assessments of children~~
23 ~~participating in the More At Four program. Of the funds appropriated~~
24 ~~in this act, the Department shall not spend more than two hundred~~
25 ~~thousand dollars (\$200,000) on this contract.~~

26 (2) Collaborate in the development of a system to collect and maintain
27 child-specific information to provide for the long-term evaluation of
28 the pilot. The system shall be developed in a manner which builds
29 ~~upon~~utilizes existing State and local systems and ~~which facilitates the~~
30 ~~interface with the N.C. Student Information Management System."~~

31 **SECTION #.(c)** Section 21.76B(f) of S.L. 2001-424 reads as rewritten:

32 **"SECTION 21.76B.(f)** In order to maximize and coordinate funding for
33 prekindergarten programs for four-year-olds with demonstrated educational needs, the
34 Department of Health and Human Services, the Department of Public Instruction, and
35 ~~the Task Force~~Force, and the North Carolina Partnership for Children, Inc., shall
36 identify and make recommendations on the reallocation of funds from existing State and
37 local programs providing prekindergarten related care and services, including child care
38 subsidies. All potential funding sources, including federal as well as State-funded
39 efforts, shall be identified. The report required under subsection (g) of this section shall
40 include recommendations on strategies to ensure coordination between the Partnership,
41 More At Four, and other prekindergarten programs in addressing the academic and
42 cognitive needs of young children. The report shall include recommendations on
43 structural changes to Smart Start, More At Four, and other related programs, including

1 consolidation, that may be beneficial in encouraging this coordination. The report shall
2 include a plan and a timetable for implementation of the recommendations."

3 SECTION #.(d) Section 21.76B(g) of S.L. 2001-424 reads as rewritten:

4 "SECTION 21.76B.(g) The Department of Health and Human Services, the
5 Department of Public Instruction, and the Task Force shall report by January 1, 2002,
6 and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the
7 Joint Legislative Education Oversight Committee, the Senate Appropriations
8 Committee on Health and Human Services, and the House of Representatives
9 Appropriations Subcommittee on Health and Human Services on the progress in
10 complying with this section. A final report along with recommendations for changes or
11 expansion of the program shall be presented to the 2003 General Assembly. Senate
12 Appropriations Committee on Health and Human Services, the House of
13 Representatives Appropriations Subcommittee on Health and Human Services, and the
14 Fiscal Research Division no later than December 1, 2002. This final report shall include
15 the following:

- 16 (1) The number of children participating in the program.
- 17 (2) The number of children participating in the program who have never
18 been served in other early education programs such as child care,
19 public or private preschool, Head Start, Early Head Start, or early
20 intervention programs.
- 21 (3) The expected expenditures for the fiscal year.
- 22 (4) The location of program sites and the corresponding number of
23 children participating in the program at each site.
- 24 (5) Recommendations regarding reallocation of State, local, and federal
25 funds to maximize the provision of services to at-risk four-year-olds
26 and to eliminate duplication of efforts."

27 SECTION #.(e) Effective June 30, 2002, Section 21.76B of S.L. 2001-424 is
28 amended by adding a new subsection to read:

29 "SECTION 21.76B.(h) The Department of Health and Human Services may carry
30 over any unspent funds allocated to the More At Four program to the subsequent fiscal
31 year."

32 SECTION #.(f) It is the intent of the General Assembly to identify and
33 recognize existing programs that excel at meeting the educational needs of at-risk
34 four-year-olds and to provide guidance and technical assistance to programs so that they
35 may become better at meeting the needs of these children. It is the intent of the General
36 Assembly to maximize the provision of services to at-risk four-year-olds and to
37 eliminate duplication of efforts.

38 SECTION #.(g) Not later than December 1, 2002, the Department of Health
39 and Human Services, in consultation with the More at Four Pre-Kindergarten Program,
40 shall establish More At Four accreditation criteria for child care centers, Head Start
41 programs, prekindergarten programs administered by local educational agencies, and
42 other educational prekindergarten programs, including centers and programs funded by
43 Smart Start. These accreditation criteria shall include, at a minimum, the guidelines
44 established by the "More At Four" Pre-K Task Force pursuant to Section 21.76B of S.L.

2001-424. These accreditation criteria shall also include a criterion related to the number or percentage of at-risk children that must be served by a child care center, Head Start program, prekindergarten program administered by a local educational agency, or other educational prekindergarten program, including centers and programs funded by Smart Start, before it may become an accredited More At Four program.

SECTION #.(h) Beginning January 1, 2003, the Department of Health and Human Services, Division of Child Development, shall initiate an accreditation program based on the criteria developed pursuant to subsection (g) of this section. The Department shall evaluate programs on the accreditation criteria as part of the three-year rated license assessment currently conducted by the Department. Any child care center, Head Start program, prekindergarten program administered by a local educational agency, or other educational prekindergarten program, including centers and programs funded by Smart Start, that satisfies the accreditation criteria shall be designated as a More At Four accredited program. This designation shall take effect once the Department finds that the accreditation criteria have been met. The Department shall periodically reevaluate accredited programs to ensure that the program continues to satisfy the accreditation criteria. A child care center, Head Start program, prekindergarten program administered by a local educational agency, or other educational prekindergarten program, including centers and programs funded by Smart Start, may petition the Department to evaluate the program on the accreditation criteria in advance of the next regularly scheduled rated license assessment.

SECTION #.(i) The Department of Health and Human Services shall conduct a county-by-county needs and resources assessment to determine what additional resources are necessary, if any, to meet the needs of at-risk four-year-olds in each county in the State. This assessment shall take into consideration that different counties may require different resources or programs to adequately meet the needs of at-risk four-year-olds. The Department shall report on the results of this assessment to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than April 1, 2003.

SECTION #.(j) The Department of Health and Human Services shall make a report to the 2003 General Assembly with recommendations for appropriate incentives to encourage child care centers, Smart Start programs, Head Start programs, prekindergarten programs administered by local educational agencies, and other educational prekindergarten programs to achieve and maintain More at Four accredited status.

Special Provision 2002-DHHS-S62-P [v4], Modified 5/28/02 2:48 PM

Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

CHILD CARE SUBSIDY RATES

SECTION #. Section 21.73(f) of S.L. 2001-424 reads as rewritten:

"SECTION 21.73.(f) Provision of payment rates for child care providers in counties that do not have at least 75-50 children in each age group for center-based and home-based care are as follows:

- 1 (1) Payment rates shall be set at the ~~statewide or~~ regional market rate for
2 licensed child care centers and homes.
3 (2) If it can be demonstrated that the application of the ~~statewide or~~
4 regional market rate to a county with fewer than ~~75-50~~ children in each
5 age group is lower than the county market rate and would inhibit the
6 ability of the county to purchase child care for low-income children,
7 then the county market rate may be applied."
8

9 **Special Provision 2002-DHHS-S71-P [v3], Modified 5/28/02 2:41 PM**

10 Requested by: Senators Martin of Guilford, Purcell, Plyler, Odom, Lee

11 **REPEAL CHILD CARE FRAUD PROVISION DUE TO FEDERAL**
12 **REPAYMENT REQUIREMENTS**

13 **SECTION #. G.S. 110-108 is repealed.**
14